



**DEPARTMENT OF DEFENSE
OFFICE OF THE DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)**

MILITARY HOUSING PRIVATIZATION INITIATIVE

PROGRAM EVALUATION PLAN

EXECUTIVE REPORT

AS OF

SEPTEMBER 30, 2012

The estimated cost of report or study for the Department of Defense is approximately \$181,000 for the 2013 Fiscal Year. This includes \$180,000 in expenses and \$1,080 in DoD labor.

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I. Introduction

The Office of the Secretary of Defense (OSD) designed the Program Evaluation Plan (PEP) as a tool to oversee the performance of the Military Housing Privatization Initiative (MHPI) and to analyze this initiative's effectiveness in eliminating the Department of Defense (DoD) inventory of inadequate housing while improving the quality of life of military Service members. The PEP reporting system includes detailed information submitted by each of the Services to OSD regarding their portfolios of MHPI projects. OSD uses this information to monitor the program's progress, conduct financial and performance oversight, and implement program improvements. This executive report summarizes the MHPI program's health and status based on information submitted for the September 30, 2012 PEP reporting period.

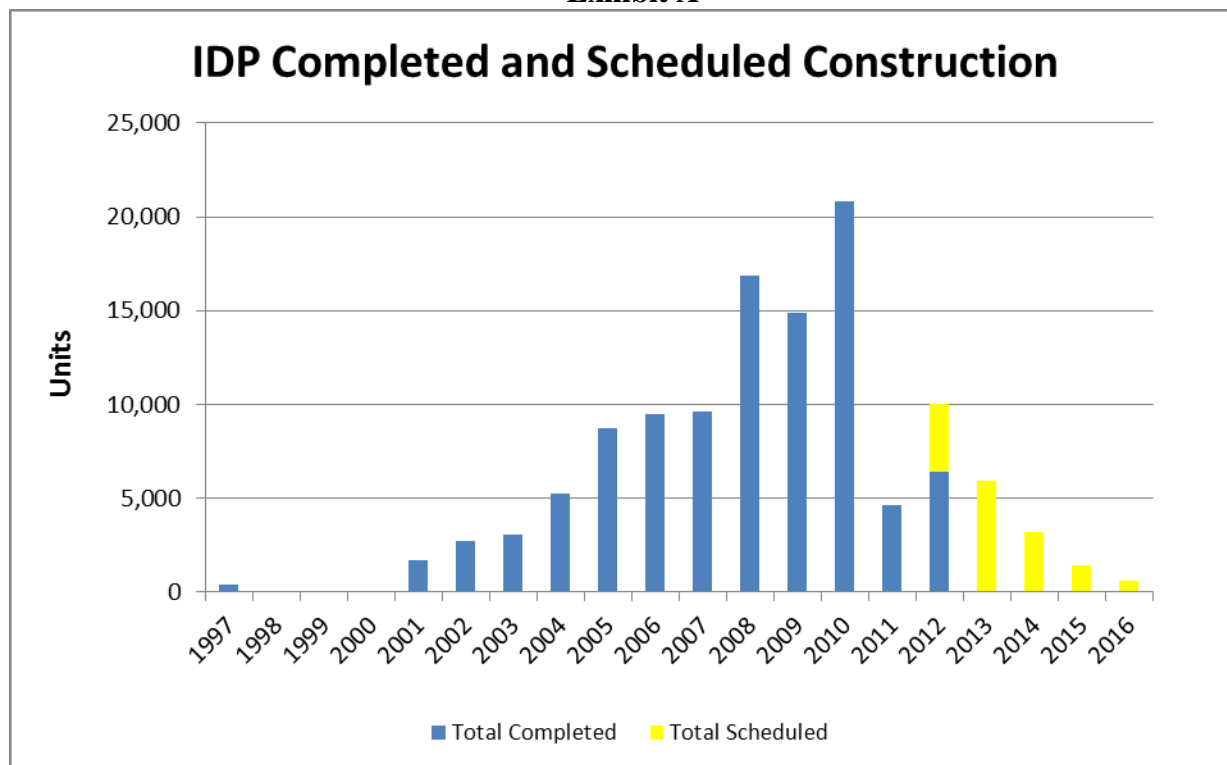
II. Program Progress

As the housing privatization program has evolved and proven itself, the Services have increasingly relied on the program to solve their housing needs. Using MHPI authorities, the Services have privatized nearly 196,000 homes, eliminated over 137,500 inadequate homes, and provided almost 18,000 deficit reduction homes. Housing is considered to be privatized when transfer of ownership from the government to private developers occurs.

The initial development scope (construction and renovation) required by project owners to bring homes to adequate condition is executed during the Initial Development Period (IDP). During the IDP inadequate housing is eliminated, existing housing is renovated and updated, and the projects are right sized by either eliminating excess housing or by constructing new additional homes to ensure current housing requirements for each project are met. The term of the IDP is generally five to ten years and is a function of the number of required new homes, the existing condition of homes to be renovated and the amount of resources available to fund the development. As of September 30, 2012, thirty out of 79 projects completed their IDPs, with eight additional projects anticipated to complete their IDPs by March 2013.

As shown in Exhibit A, 2008 and 2010 were the peak years for the delivery of new and renovated homes in the portfolio. IDP construction is projected to continue to taper off until 2016, when the final homes of the IDPs are expected to be completed. An overview of the program's implementation to date is provided in Appendix 2.

Exhibit A



Now that most project structuring, project execution, and IDP construction is nearing completion, the difficult ongoing task of maintaining a dynamic portfolio is becoming the program's focus. For the remainder of the lease/use agreement term, homes will continue to be replaced and renovated and project scopes will be adjusted to meet new requirements. While the magnitude of the construction and scope adjustments may not be as large as during the peak IDP years, these challenges will be important and continue for a much longer time period. The primary tasks for the next 40 years are to ensure that:

- Projects remain financially viable;
- Projects continue to address changing requirements; and,
- Military members and their families have access to affordable housing in which they would want to live.

III. Construction

Construction Progress

Table 1 summarizes each Service's portfolio scope in the family housing privatization initiative through September 30, 2012. The table presents both the number of planned privatized homes as well as the number of homes actually constructed and renovated, allowing a comparison of program progress against established housing objectives. The number of homes in Table 1 reflect the project scopes that were approved by OSD and the Office of Management and Budget (OMB). As indicated in Table 1, the Services have completed 78 percent of IDP new

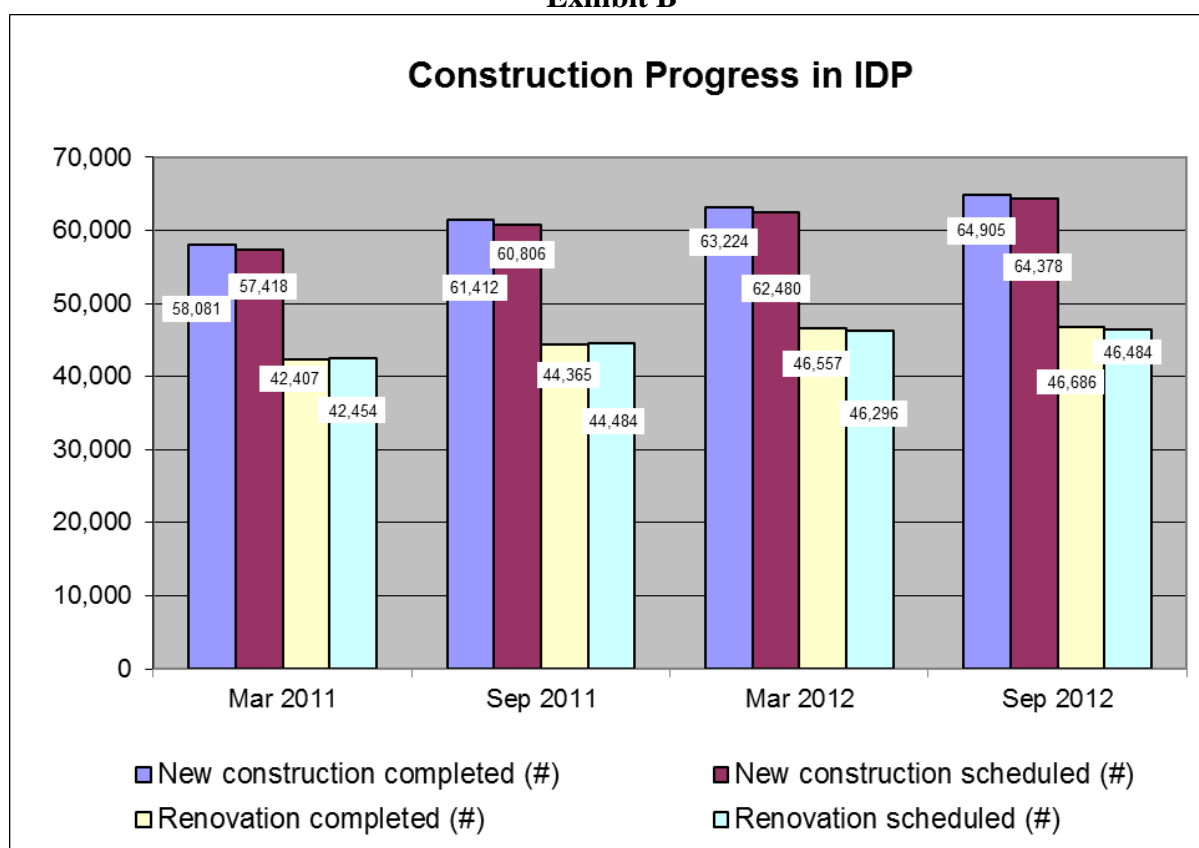
construction and 74 percent of IDP renovated housing. Appendix 3 of this report presents construction and renovation progress by Service and project. Appendix 18 identifies, on a project-by-project basis, scope modifications that occurred subsequent to the most recent OSD and OMB approvals.

Table 1

All Services: Privatized Family Housing Units, Newly Constructed and/or Renovated to Date								
Service	Total privatized units in IDP	Total units with no work in IDP*	Total new units to be constructed in IDP	Total new construction units completed in IDP	% New construction units completed in IDP	Total units to be renovated in IDP	Total renovation units completed in IDP	% Renovation units completed in IDP
Army	87,184	16,384	39,550	28,389	72%	31,251	24,597	79%
Air Force	44,336	11,411	20,562	17,977	87%	12,363	9,845	80%
Navy/Marines	64,451	22,118	22,883	18,539	81%	19,450	12,244	63%
Total	195,971	49,913	82,995	64,905	78%	63,064	46,686	74%

*Initial Development Period

Exhibit B



It is challenging for developers to meet a multiple-year construction schedule under normal conditions. Typical challenges to completing projects on schedule include: weather; cost and availability of construction materials; environmental problems; and, labor and subcontractor issues. Developers in the MHPI program address these issues while also dealing with heightened security, force protection measures, and the negative effect of extended deployments and redeployments on project occupancy. Exhibit B graphically illustrates how completed new

construction and renovation compares with approved construction schedules for the last several reporting periods.

As demonstrated in Exhibit B, the MHPI portfolio as a whole has met or exceeded its construction schedule for the last four PEP reporting periods despite these challenges. The following paragraphs summarize the construction performance for each of the Services.

Army

During this reporting period, the Army delivered 769 new homes for a portfolio total of 28,389 units. The Army completed 480 renovations for a total of 24,597 renovated units since the program began. The Army has delivered 72 percent of new homes and 78 percent of renovations that were approved for their program's IDP. Of the 34 projects scheduled to deliver new homes by the end of the reporting period, 30 have met or exceeded the approved construction schedule. Of the 31 projects with scheduled renovations during the reporting period 24 met or exceeded the approved construction schedule. Delivery delays at individual installations can be attributed to past project restructures, slower than expected attrition rates at installations (limiting the availability of homes for renovation), and the determination to delay renovations to maintain cash flow. At this stage in the program, eight projects have completed their IDPs while five additional projects have completed their IDP new construction and primary renovation deliveries and are in the process of completing their IDP close-out paperwork.

Navy/Marine Corps

Navy/Marine Corps projects delivered 324 new homes this reporting period for a portfolio total of 18,539 homes and five renovations for a total of 12,244 homes. The Navy has delivered 81 percent of the new homes and 63 percent of the renovations that were approved for their program's IDP. Of the 16 Navy/Marine Corps family housing projects, eight have completed their IDP. Of the remaining eight projects, five are at or ahead of their pro forma construction schedule with three projects being only slightly behind schedule.

Air Force

During this PEP reporting period, the Air Force delivered 588 new homes for a portfolio total of 17,977 and 258 renovations for a total of 9,845 since program inception. The Air Force has delivered 87 percent of the new homes and 80 percent of the renovations that were approved for their program's IDP. Of the 29 Air Force projects, 12 have completed their IDPs. As of September 30, 2012, construction is on or ahead of schedule at 14 projects. Three projects had fewer homes completed than scheduled. At some projects, high occupancy and the desire to minimize tenant moves contributed to slower progress on renovations. Still, all projects are forecasted to finish renovations by the approved construction completion dates.

Government Direct Loans

Minimizing construction risk to the Government is an important objective of privatized projects. Government Direct Loans (GDLs) can help support the financial viability of MHPI projects and minimize the Government's financial risk during the construction period. When an MHPI project uses a GDL, forward commitments for permanent financing are executed between the Government and the project owner at closing; however, funds are not disbursed until construction is complete and the Government accepts the work. Because of this policy, the Government has minimized its exposure to construction risk.

IV. Ongoing Operations

Private sector incentives and controls are primarily responsible for keeping projects on track, consistent with large-scale private sector residential projects. As projects mature, an emphasis on the performance of operations and property management functions will be increasingly important to sustain adequate housing for the life of a project.

A. Financial Performance

Private sector financial institutions, which finance the vast majority of MHPI construction, work with MHPI developers as they would on any other major development project. Most projects proceed as expected financially, but some experience financial challenges similar to those that occur in the normal course of the private sector real estate business.

Changes/Fluctuations in markets, costs, and requirements will continue to affect the financial viability of MHPI projects and the program. DoD continues to monitor: the volatile credit market (which affects a Service member's ability to purchase housing, the developers' ability to borrow, and the cost of money); the increase in the cost of construction materials and utility expenses; and potential housing requirement changes due to past Base Realignment and Closure (BRAC) actions, force realignment, and force growth and/or reduction initiatives. Project owners continue to work with the Services to minimize the effect or to take advantage of cyclical market and/or military changes, while enhancing the financial viability of their projects.

GDLs

To date, MHPI GDL loans, with a current balance of about \$1.1B, have made over \$122.2M of principal and interest payments to the U.S. Treasury without any losses.

Basic Allowance for Housing (BAH)

Variations in rental rates in a community influence military members' BAH, although it takes time for the rent sampling process to document changes in rents. Because privatized rents are generally based on the BAH, market-based rent changes will affect the cash flow of the project.

Since 1998, BAH rates across the country have increased dramatically. For many reasons, including the recent economic downturn, project owners can no longer rely on that increase continuing. BAH rates at some installations have continued to increase, though at a slower rate, while BAH rates at other locations have decreased. The overall average BAH rate for the Air Force portfolio between 2011 and 2012 increased by 0.8 percent while the average for the Army's portfolio over the same timeframe decreased by 0.6 percent. Fluctuating BAH rates will probably be the new normal.

Any immediate impact of a BAH decrease is mitigated by DoD's rate protection policy which keeps a tenant's BAH rate unchanged while they remain at the same installation. While a one year BAH decrease may not result in an overwhelming impact on the individual project, each project must still work to develop short- and long-term strategies for immediate and future implementation in case rental rates continue to decrease in the coming years. The short-term policy developed by most projects to address a financial shortfall that any decrease may cause, is to extend the timelines of projected renovations, demolitions and new construction. These extensions allow the project scope to remain unchanged regardless of potential decreases in

current funds. Various long-term policies to address possible BAH decreases remain under discussion. Since economic challenges, such as the current financial downturn, impact BAH rates across the portfolio, key stakeholders continuously evaluate financial impacts to their projects. They also remain flexible in determining how to balance operational needs with future financial stability, while ensuring that homes remain in adequate condition.

Project Compliance

The ongoing compliance of the project owners and other stakeholders in meeting their legal and financial obligations is paramount to the long term viability of the privatized projects and the overall program. The Services continue to develop policies and programs to help ensure the adherence to project contractual responsibilities. Examples of those being used or considered by the Services are included in Appendix 4.

Tightening of Federal Budgets

How will tightening federal budgets affect the housing privatization program? In general, MHPI projects are market driven private ventures and are not directly affected by most of the budget saving actions that may be taken by the Federal Government such as reducing Government contracts, limiting or delaying new Government systems (weapons and otherwise), reducing facility maintenance, modification of entitlement programs, etc. The projects are primarily built with private financing and maintained and operated with the income produced by the project. However, depending on the depth of the funding reduction and the programs potential cuts may affect, there are two primary ways the reduction of the Federal budget could negatively impact existing projects in the program. First, if BAH were reduced it could have a widespread effect on the financial health of not only individual projects, but the entire portfolio. Rent is currently tied to BAH and any significant reduction in this income could cause financial hardship for many of the projects and potentially force the project owners to raise rents above the reduced BAH level, an action that could in turn cause a hardship for Service members. Second, if military funds for construction were constrained, it could limit the Services' ability to restructure projects which, because of changing requirements or other Government actions, would need a cash infusion to remain financially viable.

The few new projects yet to be executed could be affected by a tightening federal budget by limiting a project's possible financial structuring scenarios. The use of two authorities, Government Investment and Government Direct Loans, which have been successfully utilized by various projects to date, may be limited or not available at all during the financial structuring process. Without the availability of these two authorities, some projects may not be financially feasible.

DoD and the Services are following closely any Government fiscal actions that might negatively influence the financial viability of any existing or proposed privatized projects.

B. Occupancy and Debt Coverage Ratio (DCR)

The military services monitor the financial health and performance of housing privatization projects, in part, by measuring a projects' DCR. The DCR measures a project's net operating income in relation to debt and provides an indication of a project's performance and ability to meet mortgage debt obligations. If the DCR drops below a 1.0 ratio, revenues are insufficient to

cover the project's permanent debt service requirements (principal and/or interest) after payment of operating expenses.

Since the occupancy rate directly correlates to revenue generation it is also monitored. Occupancy rates in a residential project serve as an indicator of both the financial stability of the project and the desirability of the homes. Because occupancy directly affects financial performance and serves as an indicator of tenant satisfaction, project owners must aggressively focus on occupancy in an attempt to either maintain strong performance or reverse negative trends.

Occupancy

Portfolio occupancy has remained level at about 95 percent during this reporting period. While the forecast is that occupancy will continue to remain high, the Services continue to vigilantly address variances from projections. Many factors contribute to each specific project's occupancy rate, including:

- the quality of off-installation rentals and for-sale housing;
- the quality of on-installation housing;
- whether the project is under construction;
- rental and vacancy rates in the surrounding community;
- availability of mortgage loans;
- interest rates;
- for-sale housing prices;
- convenience issues (e.g. commute time);
- school quality;
- local crime statistics; and,
- the quality of property management service provided by the project owner.

The project owner affects or controls only two of these factors – the quality of on-installation housing and the service provided to tenants. Property managers have increased occupancy at various projects by using private sector best practices such as rent reductions and upgrading of unit fixtures. They are also diligently implementing marketing and client management techniques to reduce departures of families during deployments, thus mitigating the financial impact to the project.

Another marketing tool that is positively affecting occupancy is the Automated Housing Referral Network (AHRN). AHRN is an on-line resource that lists available rental housing in communities close to military installations. In a survey conducted this past year for those respondents that had found housing at new installations, 74 percent indicated that they were able to secure housing based on information obtained from AHRN. More detailed information on AHRN, including the number of installations and members making use of this service, can be found in Appendix 6.

The Services' portfolio management teams continue to collaborate with the various project owners to create/revise plans to resolve outstanding project issues and improve performance. Additionally, the portfolio management teams conduct re-forecasting analyses to ascertain the long-term impact of both historical and current financial health on the ability of all projects to

complete their targeted revitalization scope and remain competitive over their 50-year life span. In all cases, the Services' portfolio management teams work to pursue solutions that help to align projects with the market and improve the overall health of the portfolio.

Alternative Tenant Waterfall

The economic risk for each privatized project falls on the private sector developers and lenders. If the project managing member/owner cannot attract a sufficient number of military families due to changing circumstances or factors beyond their control, such as extended deployments, force realignments, market fluctuations, etc., they use the alternative waterfall (a priority listing of who may lease the homes) to help ensure the project has sufficient ongoing occupancy to provide the funds necessary to maintain financial viability.

Virtually all projects that currently report low occupancy and debt coverage ratios take advantage of the alternative tenant waterfall option to sustain occupancy. The alternative tenant waterfall policy has been effective in maintaining occupancy rates despite extended deployment and BAH rate challenges. Currently, 68 privatized projects take advantage of this opportunity. Table 2 shows the degree to which the project owners and the Services have used this alternative, the additional tenant groups they have leased to since March 2011, and the basic trending of the alternative tenant waterfall over the past three reporting periods.

Table 2

Use of Alternative Tenant Waterfall						
	Sep-11	Mar-12	Sep-12	% of Total Available Units Mar-12	% of Total Available Units Sep-12	% Point Change from Mar-12**
Military Families	166,057	171,747	171,898			
Unaccompanied	3,532	3,741	3,296	2.0%	1.7%	-0.2
Active National Guard and Reserve	290	365	320	0.2%	0.2%	0.0
Retirees	937	847	1,096	0.4%	0.6%	0.1
Federal Government Civilians	2,315	2,408	2,428	1.3%	1.3%	0.0
Other*	291	426	477	0.2%	0.2%	0.0
General Public	1,956	2,005	2,158	1.1%	1.1%	0.1
Total	9,321	9,792	9,775	5.1%	5.1%	0.0

* "Other" tenants primarily consists of foreign military.

** Total of percentages differ due to rounding.

Since September 2011, the number of tenants from the waterfall living in privatized housing increased from 9,321 to 9,775. When comparing the number of total waterfall tenants as a percentage of overall homes, the number has remained fairly constant at slightly over five percent. While the waterfall serves an important and sometimes varied function for the program, the percentage of tenants it represents still remains small compared to the number of military families the program serves. Appendix 7 presents alternative tenant waterfall use by Service and project.

Debt Coverage Ratio (DCR) Requirements

To help ensure the financial safety of their mortgages, commercial lenders commonly specify a required minimum DCR to make a loan, whether it is a senior or junior loan. DCR requirements, depending on a particular project's situation, normally range from 1.05 to 1.25. Alternatively, government direct loans (those in a subordinate debt position) normally are sized at stabilization to provide an expected, but not required, minimum of a 1.05 project combined DCR. Table 3 demonstrates both the actual and required project loan DCRs for those projects that have completed their IDPs.

Table 3

DCR Requirements¹				
Project	Actual Senior Loan DCR	Required Senior Loan DCR	Actual Combined DCR	Required Combined DCR
AETC Group I	1.13	1.25	N/A	N/A
Buckley AFB	1.33	1.20	1.19	1.05
Camp Pendleton I	1.91	1.25	1.55	N/A
Carlisle/Picatinny	1.52	1.20	N/A	N/A
Dover AFB	1.48	1.25	1.15	1.05
Dyess AFB	3.29	1.05	N/A	NA
Elmendorf AFB I	2.90	1.20	2.01	1.05
Elmendorf AFB II	2.46	1.20	1.60	1.05
Everett I	N/A	N/A	N/A	N/A
Everett II	1.43	N/A	N/A	N/A
Fort Bliss/WSMR	1.33	1.10	N/A	N/A
Fort Carson	2.40	1.50	1.52	1.15 ²
Fort Detrick/WRMC	1.32	1.15	N/A	N/A
Fort Eustis/Fort Story	1.62	1.10	N/A	N/A
Fort Gordon	1.39	N/A	N/A	N/A
Fort Hood	2.09	1.10	N/A	N/A
Fort Hamilton	1.14	1.05	N/A	N/A
Fort Sam Houston	1.62	1.10	N/A	N/A
Kingsville I	1.18	N/A	0.86	N/A
Kingsville II	2.72	N/A	2.72	N/A
Kirtland AFB	2.07	1.20	1.56	1.05
Nellis AFB	1.19	1.25	0.89	1.05
New Orleans	1.78	1.10	N/A	N/A
Northeast Regional	1.22	1.20	N/A	N/A
Redstone Arsenal	1.84	1.20	N/A	N/A
Robins AFB I	1.51	1.20	1.23	1.05
Robins AFB II	1.21	1.25	N/A	N/A
Scott AFB	1.19	1.25	1.01	1.05
South Texas	0.96	1.10	N/A	N/A
Wright-Patterson AFB	1.86	1.20	1.62	1.05

1. An N/A is reported where the project either does not have a senior or junior loan, or that particular loan does not have a required or expected minimum DCR.

2. Combined DCR required by the Colorado Housing & Finance Corporation.

At the end of the September 2012 reporting period, all of the projects that completed their IDPs, with the exception of the South Texas, Kingsville I, Nellis AFB, AETC Group I, and Scott AFB projects, are operating above their DCR required level.

Underperforming Projects

As mentioned earlier, the overall MHPI portfolio exhibits an occupancy rate of almost 95 percent. In spite of this impressive overall performance, unique occupancy issues and therefore DCR challenges sometimes occur in individual projects. During a project's IDP, the DCR, while useful, is a less reliable direct indicator of project performance than it will be after construction is complete. Construction loans very often include funds, such as Capitalized Interest funds, that financially assist in making debt payments during the construction period. This practice is necessary because the eventual full scope of the project is not initially available to provide rental income during the construction period. Table 4 identifies four projects that are still in their IDP that are currently underperforming.

Table 4

Underperforming Projects - In the IDP				
Service	Project	1st Mortgage DCR	1st & 2nd Combined DCR	Occupancy Rate
Army	Fort Irwin	1.04	N/A	95.0%
Air Force	Hickam AFB	1.09	N/A	97.0%
Navy	Mid Atlantic Region	0.88	N/A	93.0%
Navy	Midwest Region	1.00	N/A	95.0%

Three common characteristics of underperforming projects still in their IDP include:

- 1) Delivery of new and renovated homes behind construction schedule;
- 2) Lower than expected occupancy; and/or,
- 3) Higher than expected operating expenses.

Each project identified in Table 4 possesses at least one of the three characteristics of an underperforming project.

Fort Irwin/Moffett Field/Camp Parks, California – The average DCR for the project was 1.04, a decrease from 1.16 last reporting period. The low DCR was attributed to three different events—the end of the interest only period for the mortgage, an increase in operating expenses, and BAH decreases over the previous couple of years resulting in a lower weighted average rental rate as old tenants move out and new ones move in. The Army and the Managing Member have been and continue to work on a remediation plan to address the cash flow challenges of the project. The parties are evaluating multiple options to address the short term and long term projected cash flow challenges.

Hickam AFB, Hawaii – Lower than forecasted BAH rates and delays in the delivery of new homes have caused NOI to fall significantly below projected, resulting in a gap in project sources and uses. Overall the project is behind schedule with a total of 1,369 homes delivered as compared to a projected 1,517 homes. The historic renovation scope has been delayed due to issues with the design review process. Additionally, the project has encountered unexpected site challenges. The sources and uses gap is currently estimated to be \$44.8 million. The project owner has proposed to reduce the renovations scope of 135 historic homes and adjust post-IDP cash flow splits in order to close the gap and increase reinvestment funds. As of the end of the

period, the senior lender was reviewing the proposal and continuing to work with the Air Force and the project owner to address the gap and the overall project health.

Mid Atlantic Region (Virginia, West Virginia, Maryland, Pennsylvania) – The DCR for the project was 0.88, a decrease from 1.25 last period. This decrease occurred due to the funding of extraordinary maintenance costs, increased staffing, resident relocation expenses in response to water intrusion and mold issues, and homes being offline for maintenance. The Navy approved release of approximately \$17 million from a maintenance reserve account to fund ongoing water intrusion and mold issues so the cash flow waterfall could be used to cover debt service. The reserve account funds were authorized with the understanding that over \$10 million of those funds would be reimbursed from insurance. The insurance company, however, has denied the project owner’s claim. The project owner is evaluating their options regarding appealing that decision.

Midwest Regional (Illinois, Indiana, Tennessee) –The average DCR for this period was 1.00. Planned land sales proceeds from the Glenview site has been realized so construction, which had been halted, can resume. Sale of four additional sites will need to be concluded to provide additional funds for designated inventory demolition and debt reduction before the IDP can be completed.

After the initial construction period is complete, the ongoing DCR is a much more reliable indicator of a project’s ability to make its debt payments. Table 5 identifies projects that are currently underperforming in terms of debt service coverage after completion of their IDP.

Table 5

Underperforming Projects - Completed IDP				
Service	Project	1st Mortgage DCR	1st & 2nd Combined DCR	Occupancy Rate
Air Force	AETC Group I	1.13	N/A	95.0%
Navy	Kingsville I	1.18	0.86	89.0%
Navy	NC SOTX	0.96	N/A	97.0%
Air Force	Nellis AFB	1.19	0.89	98.0%
Air Force	Robins AFB II	1.21	N/A	99.0%
Air Force	Scott AFB	1.19	1.01	95.0%

AETC Group I (Oklahoma, Arizona, Texas, Florida) –The project occupancy rate was 94.1 percent, an increase from 91.2 percent last period. The end of the IDP and the stabilization of the housing inventory helped the project occupancy, but the ongoing occupancy has been negatively affected by mission changes and the competitive Phoenix and Panama City housing markets. The project owner has increased marketing efforts to attract more alternative waterfall tenants. Additionally, the project owner will continue to try to attract more tenants with incentives, including base-to-base transfers, referral bonuses, etc. The project generated 89.2 percent of the forecasted NOI during the period due to lower than expected occupancy and BAH. The project remains at risk of not generating sufficient cash flow to maintain the 1.05 minimum DCR on total debt service once the GDL is funded in 2013. OMB approved an administrative workout of the GDL which will lower the project’s debt burden starting in March 2013.

Kingsville I, Texas – All debt is still being funded, but some expenses are deferred. The Navy intends to dissolve the partnership and assign, per the business agreements, all rights, title and interest in the property to the general partner at its discretion. The 15 year project has achieved the Navy's goals and is expected to operate marginally until its dissolution.

Naval Complex South Texas, Texas – The average DCR for the project was 0.96, a 0.24 improvement from last reporting period. The general partner is waiving its management incentive fee and underfunding certain operating expenses to help pay the debt service. Occupancy at the end of the reporting period was 97 percent, which is higher than the rates typically seen at this project. The historically low occupancy and consequent NOI has been driven primarily by the closure of Naval Station Ingleside and the realignment at Naval Air Station Corpus Christi. The recent occupancy increase is due primarily to increased use of the tenant waterfall, but significant rental concessions were made throughout the project causing little increase in cash flow. The project is undergoing a restructuring to better align the housing supply with demand, to retire excess high cost debt, and for the new managing partner to provide an infusion of cash. The Navy is requesting a meeting with the lender to discuss specific actions leading towards an overall restructuring of the project.

Nellis AFB, Nevada –The project generated 72.0 percent of the forecasted NOI during the period. Despite strong occupancy of 98.4 percent, revenue failed to meet pro forma projections due to weighted average BAH decreases in each of the last three years. Additionally, the failure to meet NOI targets was affected by operating expenses that were 52.9 percent greater than pro forma projections. The project achieved a 0.89 combined DCR during the period but did not miss any required debt payments due to operating expense savings during the first three months of the year. The proposed 2013 operating budget indicates the project will be able to earn a combined 1.05 DCR due to significant operating expense cuts initiated by the project owner. If necessary, the parent company of the project owner has stated that any monthly shortfalls in debt service will be covered with short term loans that will then be reimbursed by operating expense savings in months with lower utility bills.

Robins II AFB, Georgia - The occupancy rate for the project was the same as last period, 98.8 percent, but the project generated only 69.9 percent of the forecasted NOI this period. Historically, lower than expected occupancy contributed to NOI shortfalls. More recently low NOI has been driven by significantly higher than projected operating expenses, including real estate taxes and utilities. The low NOI threatens both post-IDP DCR and the project's ability to fund reinvestment. The project owner has submitted a request to the Air Force to keep 52 unrenovated homes online through the end of the lease term. The project owner believes this will financially benefit the project, particularly when the senior loan begins to amortize in 2013. The Air Force is evaluating the proposal to determine its long term impact.

Scott AFB, Illinois – The project generated 75 percent of the pro forma projected NOI during the period compared to 81.8 percent last reporting period. Similarly, the combined DCR declined to 1.01 from 1.08 last period. Weaker financial performance is largely the result of lower occupancy during the period and higher operating expenses. In August 2012 the Governor of Illinois signed a law that allows property taxation of MHPI housing regardless of whether it is located on Federal property. The law increases property taxes by an estimated \$1.0 million per

year and creates an estimated \$3.6 million back tax liability. The law may result in near term cuts to services and support for residents to avoid default on the GDL. The project owner is contesting the constitutionality of the law. The project owner also continues to discuss with the Air Force restructuring options to improve the project's short, intermediate, and long term financial health.

C. Utilities

Tenants of all privatized family housing will eventually be responsible for payment of their own utility bills. This is a gradual process, since transfer of responsibility for utility payments occurs after occupied homes are individually metered. Currently, approximately 46 percent of the entire MHPI portfolio is actively involved in the mock/actual utility billing program.

A Service member's BAH is intended to cover both rent and utility costs. As part of the process of transferring responsibility for utility payments to tenants, a calculated portion of the BAH is set aside by the project owner or retained by the tenant to pay for their utility usage. From this set aside or retained amount, the tenant or the project owner pays directly to the utility provider the fee for the actual individual residence utility usage. If the cost of utilities per billing period is less than the set aside amount, the difference is retained by the tenant. Should the billed amount of utilities be higher than the set aside, the difference must be paid for out-of-pocket by the tenant.

Utilities are a large portion of total operating expenses and it is therefore important for Army projects to successfully implement the RCI Energy Conservation Program (RECP) in order to encourage residents to reduce utility consumption. Anecdotal evidence from some projects indicates there may be an approximate five to ten percent decrease in utility consumption once residents become responsible for their own utilities. These results translate into significant operating expense savings and ultimately allow for greater NOI to fund construction and to further improve quality of life for residents. Live and mock billing has started in 31 of 34 of the Army's MHPI projects. Approximately 7,000 additional homes were brought into the billing program over the last six months. The total number of homes in live or mock billing is over 66,000, which is approximately 73 percent of total RCI homes, or more than 81 percent of the currently occupied homes in the Army's Family Housing privatization program.

The Resident Energy Conservation Program (RECP) initiative represents the Department of the Navy's efforts to establish an energy conservation program consistent with OSD policy. Navy and Marine Corps installations in South Carolina (MCAS Beaufort and MCRD Parris Island), and Hawaii (Navy Regional Hawaii and Marine Corps Base (MCB) Hawaii Kaneohe Bay) were the pilot project participants in this initiative. The Family Housing offices at these locations ran a mock billing program from September 2010 through December 2010 and an actual live billing phase for the entire year of 2011. A total of 7,432 homes were included in the RECP initiative. The results of the mock and live billing periods showed that the average per home energy consumption was approximately nine percent lower than the corresponding period the previous year. The Navy and Marine Corps are moving aggressively to implement the RECP program enterprise-wide. The Navy is currently coordinating efforts to implement it in the MidAtlantic, Northeast, Southeast, New Orleans, Midwest and Northwest projects. For the Marine Corps almost 5,500 additional housing units are scheduled to enter mock billing during the next

reporting period in the Atlantic Marines, Camp Pendleton 1 (Deluz), and Camp Pendleton/Quantico projects. The billing buffer, the allowed difference between the estimated utility usage and the actual amount used, for the Navy and Marine Corps projects was reduced from 20 to 10 percent with the Phase I rollout of RECP which started in July 2012.. All Navy/Marine Corps projects will have implemented RECP in a portion of their inventory by October 2013.

Air Force tenants are being directly billed for their utility use at 14 bases and six projects are currently mock billing tenants. Over 17,000 family housing homes are currently included in the mock or actual utility billing program. The Air Force now requires live billing for each project in their portfolio within 12 to 24 months of IDP completion.

Utility costs for all the Services during the past few periods comprised over 28 percent of overall project operating expenses. Since utilities are such a large portion of total operating expenses, it is important for projects to encourage residents to reduce utility consumption. Analysis shows that actual/mock billing is helping to reduce resident consumption of utilities.

Because the cost of utilities is such a significant portion of the ongoing operating expenses for privatized housing, it is important to the financial sustainability of these projects to not only minimize utility usage but to also identify and use less expensive alternative sources of energy. Using alternative energy sources within privatized housing is of major interest to all the Services. Included in Appendix 8 are some of the ways that the Services and the project owners, outside of direct tenant usage reduction, are helping to address the high cost of utilities in a number of their privatized projects.

If the utility usage and alternative energy programs prove successful, it could translate into significant operating expense savings and ultimately allow for greater NOI to fund construction and other out-year expenses.

D. Restructuring Projects

A number of projects have been adjusted in the face of a variety of unanticipated military and financial changes, including BRAC, cost escalations, overseas contingency operations, global re-posturing, etc. These challenges are in addition to the typical challenges faced by large real estate developments brought on by unexpected environmental, material, personnel, and site work problems. Restructuring of a project affected by unanticipated changes is a primary way to ensure that a project not only meets its developmental and operational expectations but remains financially viable. A restructuring normally occurs because of a change in requirements (scope), financial needs, or a combination of both. The developers, with the concurrence and support of the Services, have restructured a number of projects to address requirement changes, construction problems, and income and expense variations.

No matter what the cause, restructurings typically involve some change in scope, mix of units, and financing. During such restructurings, the Services and the developer strive to address both the current and future needs of the military member. For example, because of unprecedented construction cost escalations, the Services have, during several restructurings, increased the number of renovated homes and decreased the number of replacement homes at restructured

projects. This has lowered the overall construction cost per home, while not reducing the total number available. If more debt had been added to maintain the originally anticipated unit mix, it would have financially handicapped the project's future by reducing the potential out-year development that could have been accomplished.

The Services, by working with developers in such a diligent manner, continue to maximize ongoing housing benefits to military members. Successful project restructurings have already been accomplished at a number of privatized installations. Appendix 9 provides a list of projects, by Service, that have to date been restructured. All the Services anticipate that over the life of the program, additional projects will need to be restructured to meet the changes brought on by future military policy, and/or the economy.

A primary cause for the next round of restructures will probably be the inevitable military drawdown or force reduction as the country winds down from two extended overseas conflicts. This drawdown will most notably affect the Army and the Marine Corps. A reduction in uniformed personnel could trigger potentially significant restructurings within existing privatized housing projects at various installations in both Services.

E. Limited Loan Guarantees

DoD has provided limited loan guarantees at eight installations. During financial restructuring, the limited loan guarantee was eliminated at Elmendorf AFB, Alaska, and Lackland AFB, Texas. Elimination of additional loan guarantees may occur during future loan refinancings as the program matures and financial institutions no longer require any government support of the loan. This elimination represents a reduction in the government's financial exposure. The financial performance of the six projects currently covered by limited guarantees has remained well above guarantee thresholds. Appendix 10 contains detailed information on projects with guarantees and their performance.

F. Training

Transition and post-award training for installation and project owner personnel began following the closing of the earliest privatization projects. In addition, the Services developed, enhanced, and refined real estate management and financial training sessions to help ensure that installation personnel have similar technical skill sets as their private developer counterparts. Expanded training, provided through the Services, incorporates industry standard property management courses and other relevant formal education programs. Examples of the types of training provided is listed in Appendix 11.

G. Unaccompanied Housing

Army Unaccompanied Housing (UH)

As an extension of the family housing program, the Army has worked through the operational and developmental challenges posed by the Unaccompanied Officer /Unaccompanied Senior Enlisted Housing programs (UO/USE). A significant element is that rents are based upon both BAH and market rates. Rents for one-bedroom apartments are tied to E6 BAH. However, two-bedroom rents fluctuate according to local market conditions. The project owner has the

flexibility to set rents according to demand. In keeping with private sector practices, the UO/USE housing program calls for soldiers living in two bedroom apartments to jointly manage bill paying (e.g. utilities and rent).

The Army has built a combined total of 1,038 UOQ/USEQ apartments at: Fort Drum, New York; Fort Irwin, California; Fort Bragg, North Carolina; and Fort Stewart, Georgia. At the end of the reporting period, portfolio UH occupancy was 95.5 percent. Financially, the portfolio has done extremely well with NOI being almost 109 percent of pro forma expectations.

Navy Unaccompanied Housing

The Navy has executed two UH projects—one in San Diego, California, and another in Hampton Roads, Virginia. The pilot projects were authorized under the National Defense Authorization Act for Fiscal Year 2003 that provided the Navy additional UH authorities. In addition to the privatization of 723 existing units, the Hampton Roads project has built 1,190 new apartments to house 2,367 unaccompanied shipboard (E1-E3) Sailors. of the San Diego project provides 258 existing units for shipboard E1-E3 Sailors as well as 941 new apartments intended to house 1,882 E4-E6 Sailors. As of March 2012, all the units were completed at both Hampton Roads and San Diego. Overall UH portfolio occupancy is 95.8 percent. Due to a lower demand from E4-E6 Sailors, a portion of the new apartments in the San Diego project are occupied by shipboard E4 (less than four years of service) Sailors and shore duty E1-E3 Sailors. NOI is lower than expected in San Diego because these junior Sailors, which pay only partial BAH for rent, comprise over 30 percent of the tenants. NOI is also lower than expected in Hampton Roads due to a 1.5 percent drop in BAH in 2012 and the project owners decision to provide the residents cable/internet service, which was not included in the original pro forma.

H. Lodging

Using the same MHPI authorities, the Privatization of Army Lodging (PAL) program is the Army's chosen approach to recapitalize and sustain its U.S. on-post lodging facilities. The PAL program was initiated to: improve the quality of life for soldiers and their families; develop new and renovated hotel facilities with superior hotel amenities and services; and, provide for the long-term sustainment of the facilities. All of this will be accomplished while maintaining a weighted official travel rate of 75 percent of lodging per diem. PAL is designed as a portfolio-based program where operational requirements are financially cross-collateralized and jointly leveraged. The PAL will consist of a portfolio of commercially branded hotels with new construction branded as either Candlewood Suites or Staybridge Suites, while renovated facilities will be converted to Holiday Inn Express hotels. Additionally, small historic buildings will be part of the "Historic Collection" brand. The PAL program is critical to the Army's mission and is the lodging source for institutional trainees and other official travelers.

With the closing of Group A and Group B, the PAL project has a total of 8,039 privatized rooms on 21 installations. With the financial closing of Group B in January of 2012 the program was provided the funding for an extensive two-year development period. Over the next two years, the program will build five new Candlewood Suites hotels and significantly improve existing buildings across all Group A and Group B installations, including the branding of 11 Holiday Inn Express hotels.

The PAL project exhibited strong operational performance in Fiscal Year 2012 (FY12) with total revenue, occupancy, and adjusted income before fixed charges all exceeding budget. Occupancy was at its highest point of the year during the fourth quarter of FY 2012, at 79.1 percent. Guest satisfaction through the fourth quarter of FY12 averaged a commendable score of 3.8 (out of 5) for the portfolio. It is anticipated that as new construction and branding of hotels is completed, the guest satisfaction rate will continue to rise. PAL Group C with 18 installations is projected to transfer by mid-Spring 2013, hence, bringing PAL's number of installations to 39.

V. Serving Tenant Members

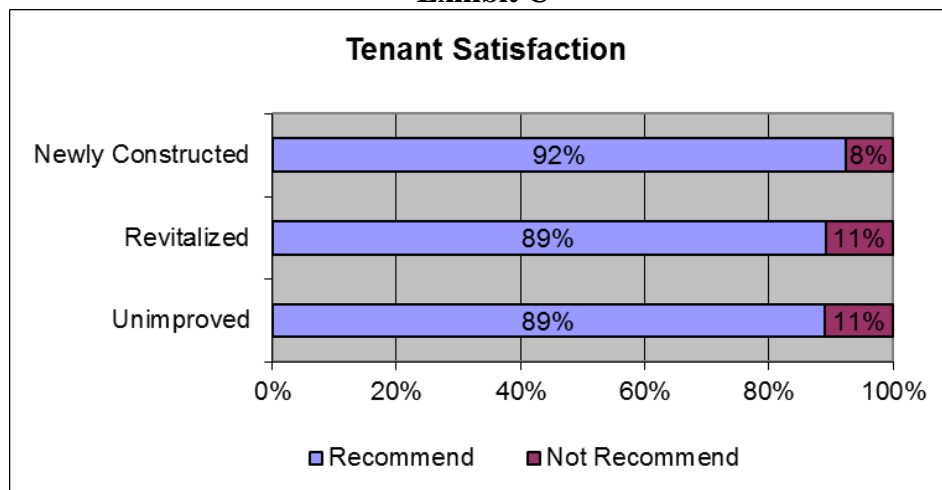
As the Services learn more about military members' housing needs, they actively make changes to improve Service members' housing experience. Because the Services and project owners monitor the needs of members and take steps to address those needs, the MHPI program will continue to provide the housing product and service deserved by our military personnel.

Given DoD's objective of improving the quality of life for its Service members, the degree of satisfaction Service personnel experience in privatized housing is a critical indicator of overall program success. Since DoD provides military families with BAH at privatized bases, a military family's decision to live in privatized housing is a primary measure of satisfaction. The occupancy rate of 95 percent program-wide demonstrates the overall success of the program in providing suitable housing.

The Services and project owners conduct tenant surveys to help assess the quality of privatized housing. To help interpret results, the Services and developers code surveys based on whether the respondent resides in a newly constructed or renovated unit, or in an un-renovated unit. OSD expects that this coding of survey results will continue until the completion of the initial development periods for most projects. The PEP includes the results of additional tenant survey questions designed to assess Service member satisfaction with their housing experience.

The following graph exhibits the satisfaction results received for the program for this reporting period.

Exhibit C



As would be expected, satisfaction was highest among those living in newly constructed homes. Satisfaction was slightly lower for tenants living in renovated and unimproved homes, but still higher than historical levels. As anticipated, the divergence in satisfaction between the different housing types is growing smaller as the program's IDP comes closer to its end. There is currently a three percent satisfaction divergence between housing types; there was an eight percent divergence three years ago and a 13 percent divergence six years ago. In addition, the precise approval percentage (demonstrated above in Exhibit C) is not as important as an increasingly positive trend in approval as the program matures. Satisfaction by the tenants is definitely trending positively. Current satisfaction is four percent higher than it was three years ago and over 16 percent higher than it was six years ago.

DoD and the Services strive to provide an overall housing program that meets the needs and desires of Service members and their families. Understanding that not all members want to live on base and not all members want to live off base, DoD commissioned a study to determine member housing preferences and how well the overall program (MHPI, traditional military construction, and local community installation and community housing) is addressing military needs. This study numerically assembled some significant information. For example, the survey found that affordability was the top factor influencing members' selection of housing, a finding likely mirrored among their civilian contemporaries. Therefore, the significant rise in BAH rates over the last few years is probably at least partially responsible for the 14 percent increase—based on data available at the time the study was completed compared to a 1997 RAND study—in the number of military members living in the community versus on base. This and other information identified in this study will be helpful in not only understanding our military members' desires and needs, but also in more accurately defining our requirements process.

Since this is the first time the entire family housing decision process has been studied and the satisfaction of residents in privatized housing has been compared with that of residents of other forms of housing, the results are an important baseline in understanding the workings and the successes of the entire housing program made available to military family members. It is anticipated that the same or similar studies will be conducted in the future to identify and measure any changing trends or patterns in Service member needs and/or preferences so that

DoD can modify the overall program to best address this important service to our all-volunteer military.

The Services and the project owners monitor the needs of members and take steps to address those needs. In Appendix 12 are a number of examples of this ongoing assistance.

VI. OVERSIGHT

Significant progress has been made in successfully executing the IDPs for a large number of the privatized projects. While completing the execution of the few remaining new projects and continuing to monitor the ongoing current state of all the projects, DoD, along with the Services, is in the process of establishing a long range evaluation program to help ensure financial stability, and therefore continued quality housing, at all the projects in the portfolio. Once fully developed, this additional oversight program will assist DoD, the Services, and the project owners in identifying and addressing potential financial difficulties the projects may face before they become unsolvable.

VII. ADDITIONAL APPENDICES

Appendices, other than those already referenced, have been included at the end of this report to provide additional information on the MHPI program. A topical listing of all the appendices included in the report is provided in the table of contents.

Appendix 1: Acronyms

Below is an alphabetical list of acronyms that appear in this report.

Acronym	Definition
ACCG2	Air Combat Command Group 2
ADA	Americans with Disabilities Act
ADR	Average Daily Rate
AETC	Air Education and Training Command
AFB	Air Force Base
AFCEC	Air Force Civil Engineering Center
AHRN	Automated Housing Referral Network
AMC	Air Mobility Command
AMCC	Atlantic Marine Corps Communities (aka CLCPS)
BAH	Basic Allowance for Housing
BLB	Barksdale AFB, Langley AFB, Bolling AFB
BRAC	Base Realignment and Closure
CE	Civil Engineer
CEO	Chief Executive Officer
CLCPS	MCB Camp Lejeune/ MCAS Cherry Point/MCH (Marine Corps Housing) Stewart Terrace
CNIC	Commander Navy Installations Command
CONUS	Continental United States
CPQH	Camp Pendleton Quantico Housing
CP2Q	Camp Pendleton II/Quantico
DCR	Debt Coverage Ratio
DLP	Differential Lease Payment
DoD	Department of Defense
DOE	Department of Energy
FY	Fiscal Year
GDL	Government Direct Loan
GTA	Grow the Army
HEAT	Housing Early Application Tool
HMO	Housing Management Office
HP	Housing Privatization
HPC	Housing Privatization Compliance

Appendix 1 (Cont.)

IDP	Initial Development Period
JAG	Judge Advocate General
JBER	Joint Base Elmendorf-Richardson
LEED	Leadership in Energy Efficient Design
LEED ND	Leadership in Energy Efficient Design Neighborhood Development Program
MAJCOM	Major Command
MC	Marine Corps
MCAGCC	Marine Corps Air Ground Combat Center
MCAS	Marine Corps Air Station
MCB	Marine Corps Base
MCLB	Marine Corps Logistics Base
MCRD	Marine Corps Recruiting Depot
MHPI	Military Housing Privatization Initiative
MOBCOM	Marine Corps Mobilization Command
NAS	Naval Air Station
NAS JRB	Naval Air Station – Joint Reserve Base
NAVFAC	Naval Facilities Engineering Command
NAVSTA	Naval Station
NB	Naval Base
NC	Naval Complex
NIOC	Navy Information Operations Command
NOI	Net Operating Income
NOLA	New Orleans, LA
NPS	Naval Post Graduate School
NS	Naval Station
NSA	Naval Support Activity
NSB	Naval Submarine Base
NSF	Naval Support Facility
NSGA	Naval Security Group Activity
NSWC	Naval Surface Warfare Center
NWS	Naval Weapons Station
OCONUS	Outside the Continental United States
OMB	Office of Management and Budget

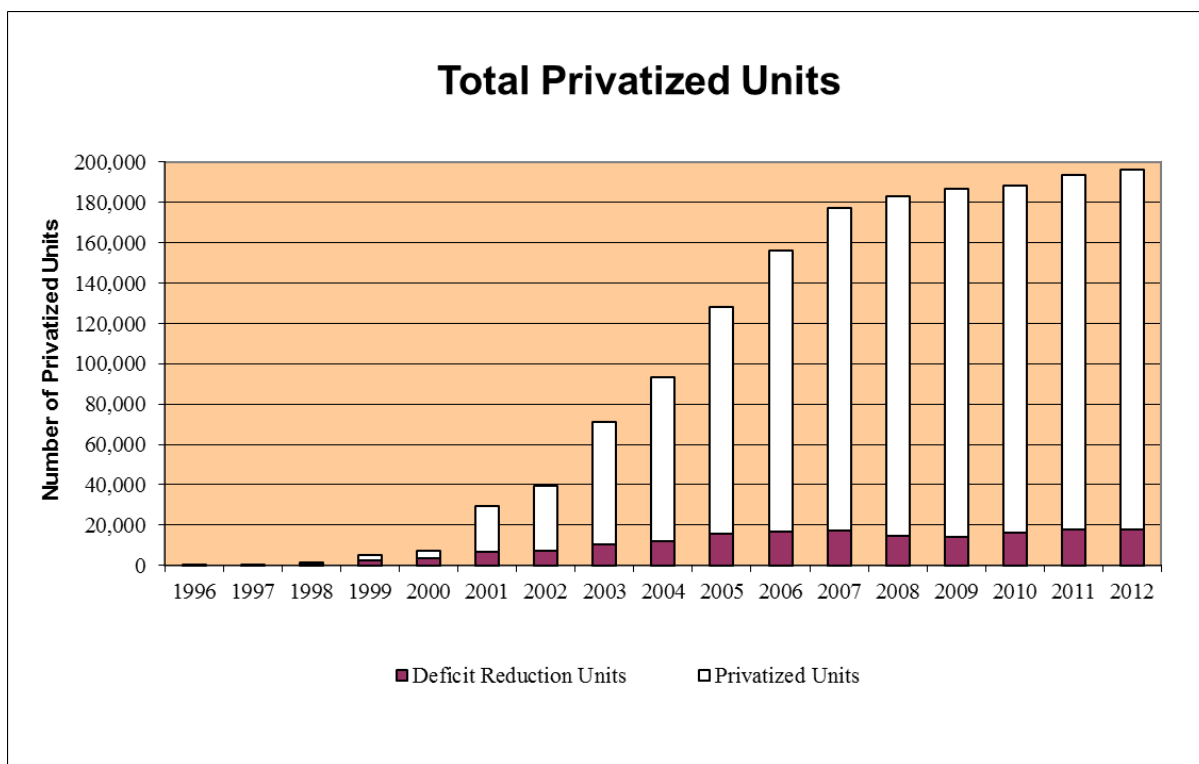
Appendix 1 (Cont.)

OSD	Office of the Secretary of Defense
PAL	Privatization of Army Lodging
PAM	Project Asset Management
PCS	Permanent Change of Station
PDS	Professional Development Seminars
PEP	Program Evaluation Plan
PE/QU/YU	MCB Pendleton/MCB Quantico/MCAS Yuma
PHMA	Professional Housing Management Association
PMR	Program Management Review
PMRF	Pacific Missile Range Facility
PPV	Public Private Venture
RCI	Residential Communities Initiative
RECP	Resident Energy Conservation Program
SOTX	South Texas
UOQ/USEQ	Unaccompanied Officer Quarters/Unaccompanied Senior Enlisted Quarters
UH	Unaccompanied Housing
USNA	US Naval Academy
WRAMC	Walter Reed Army Medical Center
WSMR	White Sands Missile Range

Appendix 2: Program Implementation Overview

As of the September 2012 PEP reporting period, a total of 106 privatized housing projects and project phases have been awarded across the DoD portfolio. A chronological list of the awarded projects is provided in Appendix 13. Due to the fact that some additional phases are incorporated into existing projects for reporting purposes, the discussion in this implementation overview refers to 79 projects.

The list provided in Appendix 13 represents both partial and full-base projects, with project scopes ranging in size from 150 homes to over 10,000 homes, and project development costs ranging from approximately \$14 million to nearly \$2.3 billion. In total, DoD has privatized over 90 percent of its domestic family housing. The graph below shows the program's accumulative number of privatized housing units on a yearly basis.



A. *Elimination of Inadequate Units.*

At the start of the MHPI program in FY 1996, DoD established a goal to eliminate all Continental United States (CONUS) inadequate family housing. Once privatized, the homes are no longer considered inadequate in the DoD inventory. OSD credits privatization with eliminating inadequate housing homes as privatization allows for rapid demolition, replacement, or renovation of inadequate homes, and allows for the sale without replacement of inadequate homes no longer needed. The MHPI program currently includes over 137,500 previously inadequate housing units privatized since FY 1996.

Appendix 2 (Cont.)

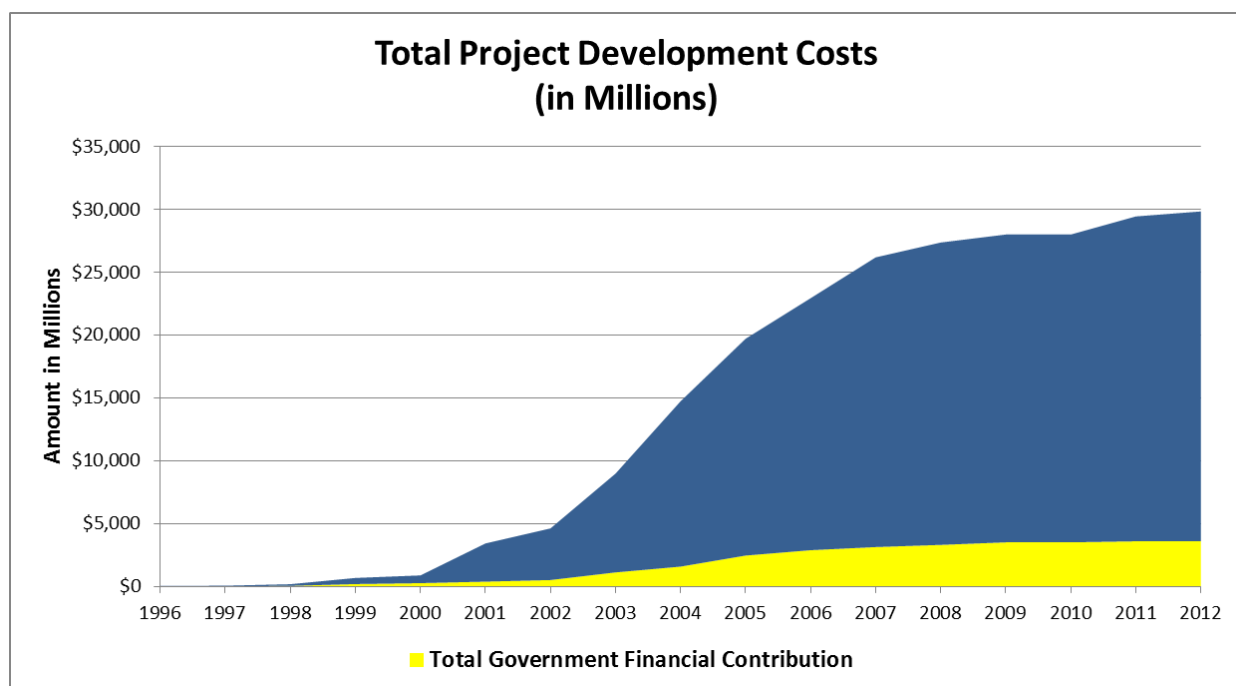
B. Deficit Reduction Units

A number of installations face changes in military family housing requirements due to the restructuring and expansion of the military to more effectively address international threats. Some installations have housing deficits as a result of the realignment and relocation of military members and their families due to past BRAC actions, global re-posturing, the Army's modularity program, and Grow the Force initiatives. The scope of current privatization projects includes the construction of almost 18,000 new privatized homes to reduce the existing family housing deficit.

C. Total Government vs. Private Dollars

Through September 30, 2012, the Military Services have awarded 79 military family housing privatization projects. The Government has contributed slightly more than \$3.6 billion to support privatization, primarily through equity investments and funding the scored costs for Government Direct Loans and Government Loan Guarantees. For this Government contribution, the program is receiving almost \$30 billion in project development.

The following graph provides a view of the Government contribution versus the overall privatized military family housing development costs.



Appendix 3: Construction and Operations Information

Army: Construction and Operations Information ¹										
	Total pri units in IDP	Total units with no work in IDP	Total new units to be const in IDP	Total newly const units comp in IDP	% New const units comp in IDP	Total units to be reno in IDP	Total units reno comp in IDP	% Reno units comp in IDP	DCR	Occ.
Ft Carson	3,456	0	1,733	841	48.5	1,723	1,823	105.8	2.40	92.5%
Ft Hood	5,912	0	973	974	100.1	4,939	1,624	32.9	2.09	97.6%
Ft Lewis	4,964	369	1,464	1,133	77.4	3,131	2,914	93.1	1.69	97.1%
Ft Meade	3,170	0	3,170	856	27.0	0	1,507	N/A	1.42	92.8%
Ft Bragg	6,238	1,364	2,259	2,065	91.4	2,615	2,567	98.2	2.04	96.4%
Presidio	2,209	0	2,168	1,016	46.9	41	218	531.7	1.27	90.3%
Ft Stewart	3,610	237	1,639	1,645	100.4	1,734	1,729	99.7	1.43	94.6%
Ft Campbell	4,455	910	1,551	1,233	79.5	1,994	1,013	50.8	1.56	96.8%
Ft Belvoir	2,070	270	1,630	1,192	73.1	170	694	408.2	1.42	97.3%
Ft Irwin/Moffett	2,980	1,535	1,184	1,102	93.1	261	260	99.6	1.04	95.1%
Ft Hamilton	228	0	185	185	100.0	43	43	100.0	1.14	97.7%
Ft Detrick/WRAMC ²	590	36	485	407	83.9	70	15	21.4	1.29	91.9%
Ft Polk	3,773	782	689	482	70.0	2,302	2,220	94.6	1.33	91.8%
Hawaii	7,894	0	4,078	3,709	91.0	3,816	1,293	33.9	1.65	99.0%
Ft Eustis/ Ft Story	1,130	84	657	658	100.2	389	389	100.0	1.45	91.1%
Ft Leonard Wood	1,806	24	553	472	85.4	1,229	707	57.5	1.30	87.7%
Ft Sam Houston	925	466	181	181	100.0	278	434	156.1	1.62	97.6%
Ft Drum	3,669	2,270	1,399	1,399	100.0	0	0	N/A	1.39	99.0%
Ft Bliss / White Sands	4,409	1,350	2,383	1,583	66.4	676	676	100.0	1.33	95.8%
Ft Benning	4,200	261	3,185	1,432	45.0	754	927	122.9	1.82	90.3%
Ft Leavenworth	1,583	428	724	510	70.4	431	337	78.2	1.37	93.1%
Ft Rucker	1,476	530	700	773	110.4	246	552	224.4	1.33	92.0%
Ft Gordon	887	0	326	310	95.1	561	577	102.9	1.39	96.0%
Ft Riley	3,514	537	2,117	1,314	62.1	860	696	80.9	1.35	93.5%
Carlisle Barracks/Picatinny Arsenal	348	0	137	180	131.4	211	61	28.9	1.52	82.1%
Redstone Arsenal	230	145	0	2	N/A	85	115	135.3	1.84	94.3%
Ft Knox	2,553	659	982	629	64.1	912	604	66.2	1.34	90.8%
Ft Lee	1,590	730	748	651	87.0	112	0	0.0	1.35	93.3%
West Point	824	380	158	160	101.3	286	159	55.6	1.87	95.4%
Ft Jackson	850	0	610	610	100.0	240	0	0.0	1.39	95.3%
Ft Sill	1,728	408	432	174	40.3	888	276	31.1	1.21	95.8%
Ft Huachuca/Yuma	1,169	911	201	182	90.5	57	25	43.9	1.60	97.0%
Ft Wainwright/Greely	1,815	1,092	540	139	25.7	183	112	61.2	N/A	93.7%
Aberdeen Proving Ground	929	557	210	190	90.5	162	30	18.5	1.30	77.2%
Total	87,184	16,335	39,451	28,389	72.0	31,399	24,597	78.3		

Notes:

1. The following columns are approved units: *Total pri units*; *Total units with no work in IDP*; *Total new units to be constr*; and, *Total units to be renovated*. The units provided in *Total newly constr units comp* and *Total units reno comp* are actual unit counts.

2. Discrepancy due to one unit that burned down prior to project closing.

ABBREVIATIONS:

Pri = Privatized

Const = Constructed or Construction

Comp = Completed

Reno = Renovated or Renovation

IDP = Initial Development Period

DCR = Debt Coverage Ratio

Occ. = Occupancy

Appendix 3 (Cont.)

Navy/Marine Corps: Construction and Operations Information ¹										
	Total pri units in IDP	Total units with no work in IDP	Total new units to be const in IDP	Total newly const units comp in IDP	% New const units comp in IDP	Total units to be reno in IDP	Total units reno comp in IDP	% Reno units comp in IDP	DCR	Occ.
Kingsville I	404	0	404	404	100.0	0	0	0.0	1.18	89.0%
Everett I	185	0	185	185	100.0	0	0	0.0	N/A	N/A
Camp Pendleton I	712	0	512	512	100.0	200	200	100.0	1.91	94.0%
Kingsville II	150	0	150	150	100.0	0	N/A	0.0	2.72	99.0%
Everett II	288	0	288	288	100.0	0	N/A	0.0	1.43	91.0%
San Diego	14,524	5,788	4,031	2,347	58.2	4,705	1,143	24.3	2.23	95.6%
New Orleans	941	200	525	525	100.0	216	216	100.0	1.78	96.0%
South Texas	665	101	550	312	56.7	14	102	728.6	0.96	97.0%
PE/QU/YU*	11,584	2,680	4,863	3,922	80.6	4,041	3,087	76.4	1.57	95.0%
N/MC Hawaii Overview	6,801	2,025	3,270	2,963	90.6	1,506	1,507	100.1	1.20	97.4%
NE Region	4,264	2,187	1,125	660	58.7	952	1,162	122.1	1.22	93.0%
NW Region	2,985	742	604	605	100.2	1,639	47	2.9	1.61	91.6%
MA Region	6,702	3,692	2,163	1,502	69.4	847	859	101.4	0.88	92.6%
Camp Lejeune/Cherry Point Overview*	8,059	1,845	2,520	2,495	99.0	3,694	3,195	86.5	1.29	93.9%
MW Region	1,719	1,063	566	542	95.8	90	74	82.2	1.00	94.9%
Southeast Region	4,468	1,795	1,127	1,127	100.0	1,546	652	42.0	1.31	93.0%
Total	64,451	22,118	22,883	18,539	81.0	19,450	12,244	63.0		

Notes:

1. The following columns are approved units: *Total pri units*; *Total units with no work in IDP*; *Total new units to be constr*; and, *Total units to be renovated*. The units provided in *Total newly constr units comp* and *Total units reno comp* are actual unit counts.

2. Discrepancy in original scoring documents

ABBREVIATIONS:

Pri = Privatized

Const = Constructed or Construction

Comp = Completed

Reno = Renovated or Renovation

IDP = Initial Development Period

DCR = Debt Coverage Ratio

Occ. = Occupancy

Appendix 3 (Cont.)

Air Force: Construction and Operations Information ¹										
	Total pri units in IDP	Total units with no work in IDP	Total new units to be const in IDP	Total newly const units comp in IDP	% New const units comp in IDP	Total units to be reno in IDP	Total units reno comp in IDP	% Reno units comp in IDP	DCR	Occ.
Lackland	885	101	727	744	102.3	57	0	N/A	1.43	95.9%
Dyess	402	0	402	402	100.0	0	0	N/A	3.29	93.0%
Robins I	670	0	370	370	100.0	300	300	100.0	1.51	93.0%
Elmendorf I	828	208	420	420	100.0	200	200	100.0	2.90	98.4%
Wright-Patterson	1,536	730	789	789	100.0	17	17	100.0	1.86	95.6%
Kirtland	1,078	211	867	867	100.0	0	0	N/A	2.07	96.8%
Buckley	351	0	351	351	100.0	0	0	N/A	1.33	98.6%
Elmendorf II	1,194	124	760	762	100.3	310	287	92.6	2.46	98.6%
Hickam	2,474	827	1,142	1,128	98.8	505	241	47.7	1.09	96.8%
Offutt	1,640	242	914	914	100.0	484	484	100.0	1.60	91.3%
Hill	1,018	435	389	437	112.3	194	146	75.3	3.07	96.8%
Dover	980	212	768	768	100.0	0	0	N/A	1.48	95.1%
Scott	1,593	574	608	608	100.0	411	411	100.0	1.19	94.7%
Nellis	1,178	13	815	815	100.0	350	363	103.7	1.19	98.4%
McGuire / Fort Dix	2,084	0	1,635	1,635	100.0	449	449	100.0	2.01	92.6%
AETC Group I	2,875	713	884	716	81.0	1,278	959	75.0	1.13	95.1%
AF Academy	427	92	34	34	100.0	301	301	100.0	1.93	89.8%
Davis-Monthan and Holloman Group	1,838	298	961	961	100.0	579	451	77.9	1.71	97.0%
Tri-Group	1,564	8	977	782	80.0	579	0	0.0	1.20	95.0%
BLB	3,189	1,074	1,753	1,297	74.0	362	383	105.8	1.48	94.4%
Robins II	207	0	76	76	100.0	131	131	100.0	1.21	98.8%
AETC Group II	2,257	478	420	324	77.1	1,359	1,376	101.3	1.22	95.3%
Vandenberg AFB	867	0	164	164	100.0	703	703	100.0	1.42	96.2%
AMC-East	1,458	730	531	518	97.6	197	162	82.2	1.62	95.3%
AMC West	2,435	684	837	837	100.0	914	598	65.4	1.64	97.1%
Falcon Group	2,619	112	661	677	102.4	1,846	1,842	99.8	1.51	96.9%
Joint Base Elmendorf/Richardson	1,240	303	602	359	59.6	335	0	0.0	1.81	98.8%
Southern Group	2,185	1,198	987	222	22.5	0	0	N/A	1.61	86.3%
Western Group	3,264	2,044	718	0	0.0	502	41	N/A	1.59	97.3%
Total	44,336	11,411	20,562	17,977	87.4	12,363	9,845	79.6		

Notes:

1. The following columns are approved units: *Total pri units*; *Total units with no work in IDP*; *Total new units to be constr*; and, *Total units to be renovated*. The units provided in *Total newly const units comp* and *Total units reno comp* are actual unit counts.

ABBREVIATIONS:

Pri = Privatized
 Const = Constructed or Construction
 Comp = Completed
 Reno = Renovated or Renovation
 IDP = Initial Development Period
 DCR = Debt Coverage Ratio
 Occ. = Occupancy

Appendix 4: Project Compliance

The following are some of the project compliance policies and programs that are being used or considered by the Services to help ensure the legal and financial obligations for the projects are met.

Unexpected financial challenges can occur at various bases throughout the lease term of these projects. Currently, the aggregate out-year construction accounts for the Air Force exceed pro forma projections. While the aggregate balances are strong, the funds are not distributed evenly across the projects. This means that while some projects are significantly exceeding projections others are behind expectations. The Air Force continues to evaluate options to share reserve accounts between projects with the same project owner to ensure there is sufficient funding to maintain housing for its Airmen and their families for the full 50 year lease term. Options are being evaluated from the legal, financial, and objectives based perspectives. No specific option has been pursued to date.

To ensure maximum occupancy and that financial targets are met across the portfolio, the Air Force initiated an effort to identify projects that are not fully implementing the alternative tenant waterfall. As of the end of the reporting period, the Air Force identified two installations not fully utilizing the tenant priority waterfall. Explanations for not taking full advantage of the tenant priority waterfall have ranged from not having a base access policy in place to financial constraints related to implementing a severability plan for general public tenants. Going forward, the Air Force will continue working with project owners and base leadership to address impediments to full implementation of the tenant priority waterfall and to maximize occupancy across their portfolio.

The Army Audit Agency conducted audits of the operational use of project funds at Fort Rucker, Alabama, and Fort Drum, New York in June 2011. The objective of these audits was to determine whether the Residential Communities Initiative (RCI) programmatic controls that monitor expenditures are effective. The final report is expected in December 2012.

The Office of the Deputy Assistant Secretary of the Army (Installations, Housing, and Partnerships) published a policy letter regarding the withdrawal of funds from project reinvestment accounts. Preserving the deposits in these accounts is necessary to ensure that the funds are able to accrue over time and provide the necessary capital for significant reinvestment as planned in future years. To help protect the resources of the reinvestment accounts, the Army will be monitoring account withdrawals. If a withdrawal is not already scheduled in the project's annual budget or secondary development plan, Army Secretariat level approval will be required to withdraw funds from the reinvestment account.

Appendix 5: Maintenance and Recapitalization Accounts

Public Law 110-161, the Consolidated Appropriations Act, 2008, requires that the Secretary of Defense include data on the maintenance of family housing units and the contribution of housing privatization entities to the recapitalization accounts for ongoing family housing privatization projects in each future semi-annual progress report. As part of the Government's oversight of the privatized family housing projects, the Services ensure that the correct amount of funds are being placed in the operations and maintenance accounts and that sufficient contributions are being made by the project owners to the recapitalization accounts for each of the projects.

Maintenance requirements are never static, but as of the date of this report, the project owners have done an exceptional job in meeting their maintenance commitments as outlined in the transaction documents. The project owners have been responsive in addressing extensive existing maintenance requirements.

A primary source of funding for out-year reinvestment is project refinancing, which is standard practice in commercial real estate asset management. By the twenty-fifth year—with the initial debt practically amortized, combined with appreciation in value—projects should have adequate debt capacity to fund out-year reinvestment.

The recapitalization account is an additional source of funding for out-year reinvestment. While such accounts are not typical in commercial real estate asset management, they have been implemented in MHPI projects largely to ensure that any unanticipated or “windfall” income to the project would not simply benefit the project owner, but would be captured in the project and used as an additional source of funding for out-year reinvestment. During the source selection process, bidders propose the percentage of net cash flow to contribute to the recapitalization account and this contribution is reflected in the project pro forma cash flows. The PEP tracks how actual deposits to the recapitalization accounts compare to the original pro forma deposit projections, recognizing that the amount and timing of deposits may vary substantially based upon project circumstances and market conditions, especially housing demand. While significant variance between actual and pro forma deposits is an important indicator of overall project performance, the risk to out-year reinvestment is minimal.

Because of ongoing major construction commitments, deposits to the recapitalization account normally do not begin until the end of the initial development period. Thirty privatization projects have completed their IDP as of September 30, 2012. The following table shows the percentage of funds deposited in each project's recapitalization account versus the pro forma projected amount for these 30 projects.

Appendix 5 (Cont.)

Recapitalization Account	
Project	% Deposit/Pro Forma
AETC Group I	91.0
Buckley AFB	0.0
Camp Pendleton I	133.0
Carlisle/Picatinny	100.0
Dover AFB	0.0
Dyess AFB	325.0
Elmendorf AFB I	103.7
Elmendorf AFB II	283.1
Everett I	N/A ¹
Everett II	N/A ¹
Fort Bliss/WSMR	100.0
Fort Carson	194.4
Fort Detrick/WRMC	100.0
Fort Eustis/Fort Story	196.0
Fort Gordon	110.9
Fort Hood	722.1
Fort Hamilton	100.0
Fort Sam Houston	96.4
Kingsville I	N/A ¹
Kingsville II	N/A ¹
Kirtland AFB	117.8
Nellis AFB	100.0
New Orleans	88.0
Northeast Regional	76.8
Redstone Arsenal	355.2
Robins AFB I	100.0
Robins AFB II	100.0
Scott AFB	0.0
South Texas	0.0
Wright-Patterson AFB	919.4

1. Short term deal. No Recap account required.

Appendix 5 (Cont.)

Six projects have recapitalization account funding significantly below pro forma. The following are brief explanations concerning each of the six projects.

Buckley AFB, Colorado – Project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the funding lockbox distribution. The project delayed paying off the deferred fee due to lower than projected NOI generation. Lower than anticipated NOI has been caused by high utility expenses, a 14 month delay in the construction schedule, and lower than forecasted weighted average BAH rates during the IDP. The Air Force has successfully worked with the project owner to develop strategies to increase occupancy and therefore maximize funds available for payment of the deferred fees. However, it has always been anticipated by the Air Force that additional private debt will be used to finance future reinvestments.

Dover AFB, Delaware – The project deposits are behind pro forma due to an outstanding project deferred fee, which has precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee has been delayed due to lower than projected NOI generation and a construction contract inflation adjustment. The Air Force is currently working with the project owner on a proposal that would eliminate the inflation adjustment. Additionally, the Air Force and the project owner are working to develop strategies for decreasing expenses to maximize funds available for payment of the deferred fees. However, it is anticipated by the Air Force that additional debt will need to be used to finance future reinvestments.

Naval Complex South Texas, Texas – Historically, the occupancy rate and the NOI have been well below projected pro forma rates due to a significantly reduced number of personnel assigned to Naval Air Station (NAS) Corpus Christi. Occupancy has risen in recent months due to strong marketing efforts by the project owner, but rental income is still well below pro forma due to the use of rental concessions. To help solve this problem the project will be restructured. The restructuring is planned to better align the housing supply with demand, retire excess high cost debt, and provide a new managing partner who can infuse additional cash into the project.

New Orleans, Louisiana – Hurricane Isaac hit the Louisiana coast in August 2012. Disbursements from the reinvestment account were required to restore the project in the aftermath of the storm. It is expected that the current shortfall in the reinvestment account will be replenished from future project NOI.

Northeast Regional (New York, New Jersey, Connecticut, Rhode Island, Maine) – This regional project completed its IDP in May 2011. The pro forma amount, which was not fully deposited in the reinvestment account because of low NOI, is relatively small at this point. Once several underfunded project closing accounts are reimbursed, with the currently increasing NOI it is anticipated that the reinvestment account deficit will be erased.

Appendix 5 (Cont.)

Scott AFB, Illinois – Project deposits are behind due to an outstanding project deferred fee and preferred return balances, which have precedence over the recapitalization account in the lockbox distribution. Paying off the deferred fee and preferred return has been delayed due to lower than expected occupancy and higher than expected operating expenses. In August 2012, the Governor of Illinois signed a law allowing the property taxation of MHPI housing regardless of whether it is located on Federal property. The law will increase the property taxes on the project by an estimated \$1.0 million per year and create an estimated \$3.6 million back tax liability. The project owner is pursuing legal means to try to have the law overturned as well as petitioning the county to reduce property tax assessments for prior and future years. If this law remains in effect, it will negatively affect the financial health of the property and its ability to pay off the outstanding project deferred fee and preferred return balances. However, it has always been the plan that additional private debt will be used to finance future reinvestments.

Appendix 6: Automated Housing Referral Network (AHRN)

AHRN was started in 2005 by DoD as a resource to assist military members in locating housing during a Permanent Change of Station (PCS) move. AHRN is an on-line resource that lists available rental housing in communities close to military installations. This tool allows military members to start their housing search from anywhere in the world, as soon as they receive their PCS orders. Being able to procure housing before any physical move occurs can eliminate a major source of stress. In addition, the privatization project owner benefits from having a committed tenant for a privatized housing unit before military members are physically relocated to the base. AHRN has the ability to include privatized homes in addition to community rental housing. The program, due to its staged rollout, did not cover all CONUS installations until 2009. Privatized project owners gradually realized the benefits of listing their homes on AHRN. Today AHRN supports 481 installations, including 442 CONUS installations and 39 outside the continental United States (OCONUS), representing all the Service branches. The number of military members using AHRN is also growing. To date, over 947,000 members have registered to use AHRN during their PCS moves. The percentage of military members securing housing via AHRN continues to increase each year.

Appendix 7: Tenant Waterfall

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Army	Ft Lewis	4,756	25	0.5	Yes	No
	Ft Meade	2,072	449	17.8	Yes	Yes
	Presidio	1,412	599	29.8	Yes	Yes
	Fort Campbell	4,313	1	0.0	No	No
	Ft Belvoir	2,071	12	0.6	No	No
	Ft Irwin/MF/CP	2,698	42	1.5	Yes	Yes
	Ft Hamilton	177	34	16.1	Yes	No
	Ft Detrick / WRAMC	459	72	12.5	Yes	Yes
	Ft Polk	3,191	47	1.5	No	No
	Ft Shafter	7,101	214	2.9	Yes	Yes
	Ft Leonard Wood	1,651	4	0.2	Yes	Yes
	Ft Sam Houston	896	7	0.8	No	No
	Ft Drum	3,584	3	0.1	No	No
	Ft Bliss / White Sands	3,780	86	2.2	Yes	Yes
	Ft Benning	3,185	99	3.0	Yes	No
	Ft Leavenworth	1,268	168	11.7	Yes	Yes
	Ft Rucker	1,167	184	13.6	No	No
	Ft Riley	3,551	2	0.1	No	No
	Carlisle Barracks/Picatinny Arsenal	280	5	1.8	Yes	Yes
	Redstone Arsenal	156	176	53.0	Yes	No
	Ft Knox	2,219	70	3.1	No	No
	Ft Lee	1,393	10	0.7	Yes	No
	West Point	699	43	5.8	Yes	Yes
	Fort Jackson	731	62	7.8	Yes	No
	Fort Sill	1,452	6	0.4	No	No
	Fort Huachuca	1,192	112	8.6	Yes	Yes
	Fort Wainwright	1,570	75	4.6	Yes	Yes
	Aberdeen Proving Ground	316	262	45.3	Yes	No
Air Force	Lackland AFB	812	16	1.9	Yes	No
	Dyess	166	208	55.6	Yes	Yes
	Robins AFB I	260	389	59.9	Yes	Yes
	Elmendorf I	815	0	0.0	No	No
	Wright-Patterson	895	574	39.1	Yes	Yes
	Kirtland	938	106	10.2	Yes	No
	Buckley	320	26	7.5	Yes	No
	Hickam	2,020	274	11.9	No	No
	Offutt	1,279	495	27.9	Yes	Yes
	Hill	929	118	11.3	Yes	No
	Dover	856	76	8.2	Yes	No
	Scott	1,345	164	10.9	Yes	No
	McGuire AFB / Ft Dix	1,871	185	9.0	Yes	No
	AETC Group I	2,119	345	14.0	Yes	Yes
	AF Academy	297	302	50.4	Yes	No
	Davis-Monthan & Holloman Group	2,088	50	2.3	No	No
	Tri-Group	1,239	182	12.8	Yes	No
	BLB	2,428	478	16.4	Yes	No
	Robins AFB II	213	43	16.8	Yes	No
	AETC Group II	1,783	324	15.4	Yes	No
	Vandenberg	933	28	2.9	Yes	No
	AMC East	1,267	268	17.5	Yes	No
	AMC West	2,575	19	0.7	Yes	No
	Falcon Group	2,115	505	19.3	Yes	Yes
	Southern Group	1,766	122	6.5	Yes	Yes
	Western Group	2,956	30	1.0	No	No

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 7 (Cont.)

Service	Installation	Military Families	Other Tenants	Other Tenants as % of Total	Non-military	General Public
Navy/ Marines	Kingsville I	47	300	86.5	Yes	Yes
	Kingsville II	94	55	36.9	Yes	Yes
	Everett II	193	69	26.3	Yes	Yes
	San Diego	12,254	41	0.3	Yes	Yes
	NOLA	712	173	19.5	Yes	Yes
	SOTX	218	181	45.4	Yes	Yes
	Hawaii Overview	6,565	32	0.5	Yes	No
	NE Region	2,414	754	23.8	Yes	Yes
	NW Region	2,834	39	1.4	Yes	Yes
	Mid-Atlantic Region	5,291	105	1.9	Yes	Yes
	Midwest Region	1,372	314	18.6	Yes	Yes
	Camp Pendleton II	10,777	14	0.1	Yes	No
	AMCC	7,042	179	2.5	Yes	No
	SE Region	4,167	756	15.4	Yes	Yes

*Only projects that have moved beyond military families are listed in the Tenant Waterfall.

Appendix 8: Utility Conservation

To assist in the reduction of energy usage and the cost of utilities, the Services and the project owners have required energy efficiency standards in their construction requirements and are studying or implementing various alternative energy initiatives. The following are various standards or alternative energy sources that are being used or investigated for use in a number of the privatization projects.

Project owners from all the Services' projects are ensuring sustainability concepts are included within their unit-design plans. The plans include detailed project construction and renovation features and specifically identify energy saving measures that are incorporated. Typical features include Low-E glazed windows, Energy Star rated appliances, programmable thermostats, natural gas water heaters and pedestrian efficient neighborhoods (walk ways, jogging paths, and bike trails). Particularly in locations with more arid climates, project owners are addressing water conservation through the installation of low-flow bathroom/kitchen fixtures, low-flow irrigation heads, and novel programmable landscape designs to help reduce water usage by up to 50 percent. As part of the Air Force's Tri-Group project, moisture sensing devices used to monitor and reduce irrigation water consumption by up to 70 percent are also being installed.

There are multiple projects in the Army's privatized housing portfolio undertaking energy-efficient sustainability measures. Currently, Fort Hood, Fort Lewis, Presidio of Monterey/Naval Postgraduate School, Fort Drum, White Sands Missile Range, and Fort Knox have a significant portion of their new home inventory that have or are planned to have Leadership in Energy Efficient Design (LEED) Silver certification/compliance. LEED Silver compliance has been implemented as a pilot program in a few newly-constructed homes at Fort Campbell and Fort Benning.

Fort Belvoir's Fairfax Village Neighborhood Center earned a LEED Platinum Rating, a first for any building on a military installation. The award was certified by the U.S. Green Building Council and was awarded by Fairfax County, Virginia. The building serves as the main property management and maintenance office, as well as a community center for residents to enjoy. Meticulous detail went into reducing the environmental impact of the center. The building applies environmentally friendly materials and building practices, including reclaimed brick, tile, carpet, and playground equipment. The building uses low-flow faucets and dual-flush toilets to reduce water consumption. Roof-mounted solar panels generate on-site renewable energy, while surplus insulation, lighting controls and ground source heat pump all reduce the building energy consumption and operating costs.

As part of the U.S. Green Building Council's LEED for Neighborhood Development Program (LEED ND), Island Palm Communities, the largest Army residential community which includes all the Army installations in Hawaii, will be one of the largest solar-powered communities in the world. The community features a 6 megawatt (MW) photovoltaic (PV) system that supplies about six percent of the power used by its 7,756 homes, community centers, other amenities, and playgrounds. The system was completed in January 2012.

Appendix 8 (Cont.)

The project owner at the Navy's Hawaii PPV project is investigating whether wind energy can be used at privatized military family housing communities in Hawaii. As part of the Wind Energy Demonstration Program, funded by the Department of Energy, two temporary meteorological towers were installed on MCB Hawaii and Pearl City Peninsula property to collect wind data. At the end of the period, the measured wind at Pearl City Peninsula proved inappropriate for further consideration, but the Kaneohe Bay site had very promising results. The Navy is currently working with the Department of Energy concerning the permanent installation of a 2.4 kilowatt (kW) wind turbine on the MCB site. A one kW wind turbine was also installed at the Hawaii Radford Terrace Community Center in April 2011 for a demonstration period of one year. The objectives of this demonstration period were to determine: 1) if the wind turbine would produce the amount of energy at various wind speeds as predicted; and, 2) if this wind turbine technology is consistent with development of a distribution wind generation approach in residential neighborhoods. The turbine did generate the expected outputs, but unfortunately, the lack of consistently strong wind at the site negated this installation as favorable over the long run. The turbine was also deemed consistent with development of residential neighborhoods as there were no complaints from adjacent residents or from families using the community center and adjacent swimming pool. The project owner agreed to allow the turbine manufacturer to keep the turbine on site until they find another buyer. Meanwhile, the project will benefit from the use of the electricity that is produced.

Highly efficient solar systems are being installed on 900 selected homes at Atlantic Marine Corps Communities (AMCC) at Camp Lejeune. This solar project was projected to provide 75 percent of the hot water heating costs for these new and existing residences. These 900 solar thermal systems were fully operational by June 2011. The project performance monitoring indicates that they are achieving the projected goal. AMCC is expanding this initiative to include a total of 2,400 homes.

Solar water heaters have been installed on almost 6,000 homes in the Navy's Hawaii PPV portfolio as a utility cost saving measure and a 100+ kW PV system has been operational at the Halsey Terrace community center since June 2008. In a net-metering arrangement with the Naval Facilities Engineering Command (NAVFAC) Hawaii utility provider, all power generated by the system is fed into the neighborhood electric grid and offsets overall neighborhood electricity consumption.

A geothermal well system is located at MCLB Albany, Georgia where it is used for geothermal heating and cooling of privatized homes.

At Davis-Monthan AFB the project owner has partnered with a number of regional and national businesses to undertake a large scale solar project. The project is divided into two components—Ground Array and Roof-Based Solar Panels. It is expected these two systems will provide six MW of electricity and 75 percent of the electric needs for 929 privatized homes.

At Travis AFB skylights have been installed in laundry rooms and pantries to utilize natural lighting and reduce electric expenses. Also at Travis, from March to October 2010, 24 families agreed to participate in a Residential Energy Saving Pilot Project to identify easy solutions to

Appendix 8 (Cont.)

energy savings. The project owner supplied the homes with wireless energy monitors called Energy Hubs to monitor and record each household's energy consumption. After establishing a baseline, the project owner presented the residents with a program to determine the best path to energy savings for each household. The residents all received a list of energy saving actions intended to reduce energy use. Participants saved on average more than 20 percent overall on energy bills throughout the study, with savings ranging from 10 to 40 percent. At the conclusion of the study, residents who participated were more conscious of their energy decisions and learned how simple behavioral changes can have a huge impact on energy savings and on their energy bill. The project owner has discussed expanding the program to a wider audience, but a timeline for execution has not been established.

In the spring of 2011, the Army announced its Net Zero Installation pilot initiative intended to conserve energy, water and/or waste streams. Seventeen installations were chosen to achieve net zero consumption, which, with regards to energy means they will produce as much as they consume, resulting in a net usage of zero. The installations will also focus on water and waste water usage procedures as part of their overall conservation strategy. Eight of the seventeen installations were selected to be net zero for energy, including Fort Carson, Colorado and Fort Bliss, Texas, both of which will be net zero installations across all three categories. It is envisioned that by 2020 these installations will have achieved net zero status in their respective categories.

AMCC has finished building the first net zero energy home at MCB Camp Lejeune, North Carolina. The home's design focuses on energy efficiency and solar energy production. The dwelling functions on 54 percent less energy than a comparable home. A 6.7-kilowatt, rooftop photovoltaic array powers the home. Water consumption is projected to drop 27 percent, according to AMCC. The developer will compare the home's performance against non-zero energy homes to measure and ensure maximum efficiency of energy and water usage. Lessons learned and best practices from the project will provide valuable information for future zero-energy projects.

Appendix 9: Restructured Projects

Service	Restructured Projects
Army	Fort Carson, CO
	Fort Hood, TX
	Fort Lewis/McChord AFB, WA
	Fort Meade, MD
	Fort Bragg/Pope AFB, NC
	Presidio of Monterey/NPS, CA
	Fort Stewart/Hunter Army Airfield, GA
	Fort Irwin/Moffett Field/Camp Parks, CA
	Fort Hamilton, NY
	Fort Detrick/Walter Reed Army Medical Center (MD, DC)
	Fort Polk, LA
	Fort Shafter, HI
	Fort Eustis/Story, VA
	Fort Leonard Wood, MO
	Fort Drum, NY
	Fort Bliss, TX
	Fort Benning, GA
	Fort Rucker, AL
	Fort Gordon, GA
	Fort Riley, KS
	Redstone Arsenal, AL
	Fort Knox, KY
	Fort Sill, OK
	Fort Wainwright/Greely, AK
Navy	Everett II, WA
	New Orleans, LA
	Northeast Regional (NY, NJ, CT, RI, ME)
	Midwest Regional (IL, IN, TN)
	Southeast Regional (SC, MS, TN)
Air Force	Lackland AFB, TX
	Elmendorf I, AK
	Elmendorf II, AK
	AETC Group I (OK, AZ, TX, FL)
	US Air Force Academy, CO
	Tri-Group (CO, CA)
	AMC West (WA, OK, CA)
	Falcon Group (FL, GA, AR, MA)

Appendix 10: Loan Guarantees

A limited loan guarantee addresses three events that could affect the available tenant supply of eligible personnel at an installation and therefore potentially affect the financial viability of the project. These three events are: downsizing of a military installation; prolonged deployment; and, base closure.

When the Guaranty Agreements were executed for four projects— Fort Carson, Colorado; Fort Polk, Louisiana; Kirtland AFB, New Mexico; and Fort Wainwright/Greely, Alaska—the Services identified the baseline number of eligible families used to determine a guaranteed threshold event. The threshold rates for these four projects, which could potentially trigger a guarantee claim, are definitive reductions of eligible military families from the identified baseline numbers. The threshold rate at Robins AFB I, Georgia, uses a sliding scale based on the occurrence of one of two events—a percentage drop of eligible families in any 12-month period; or, a drop in the number of eligible families below a ratio of families versus privatized unit (1.5:1). The threshold rate for Wright-Patterson AFB, Ohio, is solely a drop in the number of eligible families below a ratio of families versus the number of privatized units (1.5:1).

The BRAC 2005 legislation produced military personnel tenant changes and other adjustments at many military installations. The properties identified for closure on the BRAC list did not include any MHPI projects with limited loan guarantees. The Services will evaluate and closely watch the military installations that were included on the BRAC list and involve major realignment, both increases and decreases.

The possibility of a reduction in eligible personnel due to the current extent of deployment actions continues to be of interest. A reduction in eligible personnel could affect projects that carry a limited loan guarantee because of the potential for a mortgage payment default. If this were to occur, the Service would require the borrower to demonstrate that the threshold reduction in the percentage of eligible personnel had occurred and had led to a mortgage payment default. The borrower could file a guaranty claim if a threshold event is triggered and a mortgage payment default occurs.

The following table summarizes the baseline number of eligible families (starting point for the threshold rate calculation), current eligible families, and defined threshold reduction percentage for each of the active guaranteed loans, and, if applicable, the baseline and current ratios of eligible military families per privatized unit for the six currently executed limited loan guarantee agreements.

Appendix 10 (Cont.)

Loan Guarantee Threshold Rates and Status						
MHPI Project	Fort Carson	Robins AFB I	Fort Polk	Wright-Patterson AFB	Kirtland AFB	Fort Wainwright/Greely
Number of Privatized Housing Units	3,456	670	3,773	1,536	1,078	1,815
Baseline Date	Nov-99	Sep-11	Sep-04	Dec-06	Aug-06	Apr-09
Eligible Families as of Baseline Date	9,649	2,802	6,215	N/A	2,183	4,449
Eligible Families as of 31 March 2012	13,645	2,685	5,334	4,400	3,389	4,082
Guaranty Threshold	-40%	-30%	-30%	N/A	-25%	-33%
Current Change	41%	-4%	-14%	N/A	55%	-8%
Threshold Ratio	N/A	1.5:1	N/A	1.5:1	N/A	N/A
Current Ratio	N/A	4.0:1	N/A	2.9:1	N/A	N/A
<p>Notes:</p> <ol style="list-style-type: none"> 1. Guaranty Threshold is the percentage reduction in eligible personnel that triggers a guaranteed threshold event. 2. The baseline date reflects the date the agreement was reached for the parameters that could trigger an event. 3. Current Change reflects the increase or decrease in the number of eligible personnel at the base within a certain timeframe. The timeframe for which the percentage change is measured for Robins AFB I is based on a sliding 12-month timeframe. For this reporting period, that would be from March 2011 to March 2012. For Fort Carson, Fort Polk, Wright-Patterson, Kirtland, and Fort Wainwright/Greely the percent change is based on the original Guaranteed Loan Baseline Date and the end of current PEP reporting period. 4. Current Ratio is calculated based on the number of "Eligible Families" as of the end of the current PEP reporting period divided by the "Number of Privatized Housing Units." The threshold rate for Wright-Patterson AFB is a drop in the number of eligible families below a ratio of families versus privatized units. 5. At Robins AFB I, Georgia, the threshold rate uses a sliding scale based on the occurrence of either of two events: a percentage drop of eligible families, or a drop in the number of eligible families below a ratio of families versus privatized units. 						

To date, no project has experienced a guaranteed threshold event. Currently three projects—Robins AFB I, Georgia; Fort Polk, Louisiana; and Forts Wainwright & Greely, Alaska—have eligible populations less than their baseline number. Two projects, Lackland AFB Phase I and Elmendorf AFB I, have retired guarantees. The Air Force negotiated to retire the guarantee at Elmendorf AFB I when the project refinanced in 2004. The Air Force negotiated for the elimination of the guarantee at Lackland AFB Phase I when the project was sold to Balfour Beatty Communities and the scope expanded. Although all six of the projects with existing loan guarantees are currently healthy in terms of occupancy, the Services will continue to monitor them to assess the impact of BRAC, ongoing long-term deployments, and Service realignments.

Appendix 11: Training

Transition and post-award training for installation and project owner personnel began following the closing of the earliest privatization projects. Examples of the recent ongoing training is provided below.

Additional asset management training is included as part of the Army OACSIM annual site visit. There were 20 OACSIM annual site visits made during FY11. The annual site visit agenda includes the option to provide training on new asset manager responsibilities or retraining if areas for improvement are identified. During FY12, there were 28 OACSIM annual site visits conducted. Due to budget and travel restrictions, some site visits were postponed.

In April 2012, the Army conducted its sixteenth semi-annual senior executive meeting, a forum with the senior leadership of the project owners, to discuss strategic issues and challenges facing the program. Topics discussed included the objectives of the senior Army leadership, an update on the Army portfolio, development and construction costs, changes in project incentive metrics, oversight safeguards and protections, project owner concerns, and lessons learned. The Army intends to expand its training effort to include Senior Installation Commanders and Garrison Commanders.

Commander Navy Installations Command (CNIC) continues to conduct project owner CEO conferences on an annual basis. Senior Navy leadership meets with the CEOs from the project partnerships to discuss current events and any portfolio or policy issues. The next scheduled conference is November 2012.

The Navy offers residential management courses for both family and unaccompanied housing privatization. In addition, through implementation of a variety of programs such as their annual focus groups, partnering sessions for integrated PPV teams, resident satisfaction surveys, annual Public Private Venture (PPV) CEO conferences and participation in the annual Professional Housing Management Association seminars, the Navy has been able to identify and implement a number of best practices across their portfolio. Moreover, the Navy continues to adjust a number of organizational policies that have a direct bearing on their privatized residents.

The Air Force conducts an Asset Manager Training Course four times a year with various course modules including: budget and capital planning; compliance testing; site assessment; effective administration of the Management Review Committee; and, quarterly report evaluation. The Air Force is in the process of expanding its housing privatization training program to reach more project stakeholders, including project owners and community staff, senior leadership, residents, and potential residents. Topics range from customer service to the legal rights and obligations of residents, project owners and the Air Force. Additionally, their Strategic Training and Education Plan identifies Air Force plans to create training programs addressing all of these topical areas.

A Program Management Review (PMR) of the Air Force projects owned by the Hunt Companies, Actus Lend Lease, and Balfour Beatty have been conducted. The PMRs were held in an effort to foster better communication between the Air Force, Hunt, Actus, and Balfour Beatty and their partners. Attendees of the forums worked toward the stated goal of “effective partnering and issue resolution” by discussing best practices, lessons learned and other relevant issues and concerns. The event affords many levels of the Air Force, from MAJCOM to the

Appendix 11 (Cont.)

local Housing Management Office staff, to engage in open dialogue with the various levels of leadership within the project owner organizations.

Throughout the PMRs, action items were generated and captured. These items will be tracked by the Air Force until they are closed. The Air Force has completed PMRs at 24 of the 29 projects in their portfolio. For project owners with one project, this same engagement is achieved during quarterly Management Review Committee meetings and/or annual site visits.

Since 2011 the Housing Privatization (HP) Workshop was combined with the Professional Housing Management Association (PHMA) Professional Development Seminar (PDS). Both workshops centered on the theme of “Responsive Customer Service: The Building Blocks of Our Community.” By combining the workshops, the Air Force was able to not only improve training for their housing professionals from the synergy of the two programs, but also increase the level of customer service provided to Airmen.

As part of the effort to centralize design and construction oversight services, the Air Force developed a construction handbook to standardize processes, tools, and templates for the oversight of construction and development. The handbook provides checklists and guidance on the criteria that have to be met before issuing a Notice to Proceed or a Certificate of Compliance. It also contains information about the process for approving or documenting any changes to approved design documents, as well as templates for a variety of notices prescribed by the closing documents.

In 2011 the Air Force Judge Advocate General’s (JAG) School at Maxwell AFB hosted Housing Privatization Month, featuring four successive webcasts on topics related to the Air Force’s housing privatization program. The goal of these webcasts was to help JAGs better understand their roles in the housing privatization program.

The Air Force has begun work to expand its quarterly compliance testing process for MHPI. The current process includes monitoring a project’s compliance with provisions found in the executed transaction documents, including the Lease of Property, Operating Agreement, Lockbox Agreement, Master Development Management Agreement, Forward Commitment, Security Agreement, and Quitclaim Deed. Under the expanded process, additional attention will be paid to project compliance with the various project management plans submitted by the project owner and incorporated into project closing documents. This includes, but is not limited to, the Facilities Maintenance Plan, the Capital Repair & Replacement Plan and Project Operations & Maintenance Plan. The goal of the expanded process is to ensure that the level of service committed to in the project owner’s proposal and plans is being delivered. Over 140 base housing management office (HMO) staff members, as well as 23 project owners, participated in a series of web conferences. The Air Force has, to date, provided additional compliance training to HMO staffs and project owner representatives at 36 installations. Four of these installations received training during this reporting period. These 36 installations represented 20 Air Force projects.

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The Air Force has revamped its training program for installations in the pipeline for housing privatization. The program is called the Privatized Housing Orientation (PHO). The PHO program consists of three visits—two prior to closing and one after closing—to help installations transition from Government managed family housing to privatized housing. Portfolio Management conducts these training sessions at the installation and includes participants from base leadership, housing management office (HMO), and other stakeholders who are involved in privatized housing. The second and third visits also include on-site property management staff. Areas of focus for the training include roles and responsibilities, effective partnering and communication, and pre-closing and post-closing tasks required of the HMO. Portfolio Management shares templates, examples, lessons learned and best practices.

The Navy has implemented the Housing Early Application Tool (HEAT) that is intended to provide information about housing services at a local level far in advance of the anticipated move. This includes a conduit to privatized housing partners in order to make an early connection with moving families. The Navy has rolled out a staff training program and implemented HEAT Navy-wide.

To provide a deeper understanding of privatization principles and methodologies, DoD teamed with the University of Maryland to develop a Master's Degree in Real Estate Development for Federal real estate privatization ventures. Started in 2008, the program offered courses that focused on key issues of importance to the military Services regarding properties undergoing or already engaged in housing privatization. The curriculum has been tailored to educate a cadre of Federal managers in the broader aspects of development with an emphasis on Federal procurement, asset management, and other issues that arise in the development, operations, and long-term management of privatized Federal properties. DoD is offering a limited number of tuition scholarships to those interested in full-time study as a means of facilitating initial interest in this new program. Students can complete the program in 12 months on a full-time study basis or in two to three years on a part-time study basis. The first three full-time DoD students, one each from the Navy, the Army, and the Air Force have already graduated.

Appendix 12: Tenant Assistance

Besides providing adequate housing, the proactive military landlord addresses various other needs of its tenants as they occur or are identified. The following is a partial list of additional services which have been provided to privatized tenants to address immediate or long term desires or needs.

Tornado Damage

An F2 tornado with estimated winds reaching 125 miles per hour ripped through the AMCC Tarawa Terrace Camp Lejeune family housing neighborhood. The tornado caused millions of dollars' worth of damage to homes and personal property as well as physical injuries to residents. When the tornado had passed, 54 families were displaced and AMCC began an intense coordinated team effort with the base, NAVFAC, disaster relief agencies, other private sector entities and volunteers to immediately find temporary housing, and other resources and services needed for the displaced families. Within 48 hours, the immediate needs of these families, including food and hotel costs, were met. Due to extraordinary efforts by AMCC, in less than two weeks all dislocated families were permanently relocated into new residences. AMCC's efforts along with the base and the community helped minimize the potential trauma caused by the natural disaster.

Disabled-Service member Housing

The Marine Corps identified an increased need for disabled housing for its wounded members from Overseas Contingency Operations. They are working with privatized housing partners to make eight to ten percent of homes accessible, a significantly higher percentage than the Americans with Disabilities Act (ADA) standard. Additionally, the partners have provided wounded Marines who currently reside in privatized housing the opportunity to relocate to an accessible home, if one is available, or to remain in their current home which will be modified to meet ADA requirements. Wounded Marines not in privatized housing are given priority placement over non-wounded Service members.

Additional School Space

Schriever AFB, Colorado

Prior to privatization, Schriever AFB did not have any on-base housing. The construction of 242 new homes at Schriever is expected to add 161 elementary school students to the school district. To accommodate the influx of students, the project owner gave approximately \$2 million to the school district to add approximately 10,000 square feet and 10 new classrooms to the existing elementary school. The school district was responsible for the construction project, which is now complete, without the involvement of the project owner or the Air Force.

MBC Camp Lejeune, North Carolina

As part of the Marine Corps' Mid-Atlantic Phase III project, the project owner constructed a new DoD dependent elementary school at Marine Corps Base (MCB) Camp Lejeune, North Carolina. The school was built in support of anticipated increased school enrollment generated by additional family housing necessary under the Grow the Force initiative and will serve children

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not easily absorbed by the local school system. Vertical construction of the school commenced in May 2010 and it was open for use in September 2011.

Fort Riley, Kansas

Due primarily to the worldwide realignment of Army forces, the number of military families and therefore the number of elementary school students has increased dramatically at Fort Riley. To help solve school overcrowding, with funds provided by the Government, the privatization developer renovated one school and built an additional DoD elementary school within the Post's privatized family housing footprint. The new school was built as an additional ancillary facility to the privatized housing project. Both schools were completed in time for student occupancy at the beginning of the 2012/2013 academic school year.

Housing Service Centers

In direct response to resident and partner feedback, the Navy's Housing Welcome Centers have been reevaluated and redefined as Housing Service Centers. As Housing Service Centers their focus has been realigned to not only serve the inbound military members, but to better serve the outbound residents by putting them in touch with the PPV partners at their next duty station earlier in the relocation process.

Deployed Spouse Programs

Many project owners are going out of their way to provide assistance to families that have a spouse, parent, or family member who is deployed. Project owners are providing programs such as assembling furniture and toys, warm calls from leasing agents to find out how residents are doing, care packages, food, videos and other comforting items, as well as full-service landscaping. One project owner implemented a "honey-do" help program to assist spouses with simple tasks that can be difficult when maintaining a home on their own. Examples include hanging pictures, changing light bulbs, moving furniture, and hanging holiday decorations. Some project owners also provide a venue for spouse meetings, such as the community center or a conference room. Project owners also hold events for the entire community, such as holiday events, movie nights, and welcome-home parties.

Outreach

To better communicate with the young Marine families, the AMCC Tri-Command Communities is providing neighborhood and community information and policies to the residents through the social networking site *Facebook*, as well as through normal channels. It was felt that the popularity of this site would allow for a broader dissemination of information.

Appendix 13: Privatized Projects Awarded

The following is a chronological list of partial and full base housing privatization projects awarded by the Services from 1996 through March 31, 2012.

- Corpus Christi/Kingsville I, TX-Navy
- NS Everett I, WA
- Lackland AFB, TX
- Fort Carson, CO
- Dyess AFB, TX
- Robins AFB I, GA
- NAS Kingsville II, TX
- MCB Camp Pendleton I, CA
- NS Everett II, WA
- Elmendorf AFB I, AK
- San Diego Naval Complex (Ph I), CA *
- NAS JRB New Orleans, LA (NOLA)
- Fort Hood, TX
- South Texas, TX (SOTX)-Navy
- Fort Lewis, WA/McChord AFB, WA
- Fort Meade, MD
- Wright-Patterson AFB, OH
- Tri-Command Military Housing (Beaufort), SC-USMC (Atlantic Marines Ph IV)
- Kirtland AFB, NM
- San Diego Naval Complex (Ph II), CA *
- Fort Bragg, NC
- Camp Pendleton / Quantico (CPQH Ph I) (MCB Camp Pendleton, (Ph 2), CA/Quantico, VA/MCRD San Diego, CA/MCMWTC Bridgeport, CA) *
- Presidio of Monterey/NPS, CA
- Fort Stewart/Hunter Army Airfield, GA
- Fort Belvoir, VA
- Fort Campbell, KY
- Fort Irwin/Moffett Field/Camp Parks, CA
- Hawaii Regional (Ph I), HI-Navy *
- Fort Hamilton, NY
- Fort Detrick, MD/Walter Reed Army Med. Ctr., DC
- Buckley AFB, CO
- Elmendorf AFB (Ph II), AK
- Fort Polk, LA
- Camp Pendleton /Quantico (CPQH Ph II) (MCAS Yuma, AZ/Camp Pendleton (Ph 3), CA) *
- Fort Shafter/Schofield Barracks, HI
- Northeast Regional, NY, NJ, CT, RI, ME-Navy
- Fort Eustis/Fort Story, VA
- Hickam AFB (Ph I), HI
- Northwest Regional, WA-Navy*
- Fort Sam Houston, TX
- Fort Leonard Wood, MO
- Fort Drum, NY
- Fort Bliss, TX/White Sands, NM
- Mid-Atlantic Regional, VA, WV, MD, PA-Navy
- Offutt AFB, NE

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- Hill AFB, UT
- Dover AFB, DE
- Camp Pendleton / Quantico (CPQH Ph III) (MCAGCC 29 Palms, CA (Ph 1)/MOBCOM Kansas City, MO) *
- Atlantic Marines (Ph I) (Camp Lejeune/Cherry Point, NC/Stewart, NY) (CLCPS Ph I) *
- Midwest Regional (Ph I), IL, IN-Navy*
- Scott AFB, IL
- Fort Benning, GA
- Fort Leavenworth, KS
- Fort Rucker, AL
- Fort Gordon, GA
- Nellis AFB, NV
- San Diego Naval Complex (Ph III), CA *
- Carlisle Barracks, PA/Picatinny Arsenal, NJ
- Fort Riley, KS
- Atlantic Marines (Ph II) (CLCPS Ph II) (MCB Camp Lejeune, NC/MCAS Cherry Point (Ph 2), NC*
- Camp Pendleton / Quantico (CPQH Ph IV) (MCB Camp Pendleton, CA (Ph 4)) *
- Hawaii Regional (Ph II) (MCB Hawaii (Ph 1), HI) *
- Hawaii (Ph III), HI-Navy *
- McGuire AFB/Fort Dix, NJ-Air Force
- Redstone Arsenal, AL
- Fort Knox, KY
- AETC Group I, OK, AZ, TX, FL-Air Force
- AF Academy, CO
- Davis-Monthan AFB, AZ/Holloman AFB, NM
- Hickam AFB (Ph II), HI*
- Fort Lee, VA
- Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)
- BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)
- Southeast Regional, SC, MS, FL, GA, TX-Navy
- Midwest, South Millington (Ph II), TN*
- San Diego Naval Complex (Ph IV), CA*
- Hawaii Regional (Ph IV) (MCB Hawaii (Ph 2), HI) *
- Atlantic Marines (Ph III) (CLCPS Ph III) (MCB Camp Lejeune, NC/Cherry Point (Ph 3), NC)*
- MCB Camp Pendleton / Quantico (CPQH Ph V) (MCB Camp Pendleton, CA (Ph 5)/Albany, GA)*
- Robins AFB II, GA
- AETC Group II, MS, TX, AL, OK-Air Force
- Vandenberg AFB, CA
- AMC East (Andrews AFB, MD/MacDill AFB, FL)
- AMC West (Tinker AFB, OK/Travis AFB, CA/Fairchild AFB, WA)
- West Point, NY
- Fort Jackson, SC
- Fort Sill, OK
- Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)
- Fort Huachuca/Yuma, AZ
- Fort Wainwright/Greely, AK
- Mid-Atlantic (Ph III)/Camp Lejeune (Ph IV), NC
- Camp Pendleton / Quantico (CPQH Ph VI) (MCAGCC 29 Palms, CA (Ph 2)) *
- Camp Pendleton / Quantico (CPQH Ph VII) (MCB Camp Pendleton, CA (Ph 6)) *
- Aberdeen Proving Ground, MDPendleton / Quantico (CPQH Ph VIII) (MCAGCC Twentynine Palms, CA (Ph 3)) *
- Hawaii Regional (Ph V) (MCB Hawaii (Ph 3), HI) *
- Mid-Atlantic (Ph IV)/(Camp Lejeune (PH 5))
- Joint Base Elmendorf/Richardson, AK
- Southern Group (Shaw AFB, SC; Arnold AFB, TN; Charleston AFB, SC; and Keesler AFB, MS)
- Western Group (Beale AFB, CA; Warren AFB, WY; Malmstrom AFB, MT, Whiteman AFB, MO)

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*For reporting purposes, the following projects are combined and reported as single projects:

1. Camp Pendleton / Quantico (CPQH) Phases I, II, III, IV, V, VI, VII & VIII.
2. San Diego I, II, III and IV.
3. Atlantic Marines Phases I, II & III (CLCPS Phases I, II & III) and Tri-Command will be reported in the Atlantic Marines Overview.
4. Hawaii Regional - Navy-Hawaii Phase I & III, MCB Hawaii Phases II, IV and V will all be reported as one project.
5. Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB have been combined into the Falcon Group.
6. Mid-Atlantic Phase III/Camp Lejeune Ph 4 and Mid-Atlantic Phase IV/Camp Lejeune Ph 5 will be reported with the Mid-Atlantic project.

Appendix 14: Private Sector Participation

The PEP provides an assessment of the evolving MHPI by tracking the level of participation, concentration of developers and lenders, and other solicitation and award factors in a competitive environment. Each Service implemented the MHPI according to its unique needs. At a program level, MHPI has generated considerable interest from the development and lending communities.

Twenty-six development entities have participated in one or more projects as a prime contractor or partner since the program started in Fiscal Year 1996. Eight different developers successfully competed on the 34 Army projects; 11 different developers successfully competed on the 16 Navy projects; and 14 different developers successfully competed on the 29 Air Force projects. Joint ventures of two or more developers working together successfully competed on 11 projects. Five developers successfully competed on projects for more than one Military Department and three of those developers successfully competed on projects for all three Departments.

The 79 awarded MHPI projects received financing provided through 27 different lenders or teams of lenders. Six of these lenders or lender teams provided loans to projects for more than one Service, and one provided financing for projects in all three Departments.

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Developer Participation in MHPI Program								
Developer	Navy/Marines Corps		Army		Air Force		Total	
	Projects	Privatized Units	Projects	Privatized Units	Projects	Privatized Units	Installations	Privatized Units
Lincoln	1	6,702	1	925			2	7,627
Lincoln/Clark	1	14,524					1	14,524
Hunt/Lincoln/Clark	1	11,584					1	11,584
Actus Lend Lease	1	8,059	6	26,298	3	5,876	10	40,233
Hunt Building Corp.	2	862	2	1,820	8	9,297	12	11,979
Piceme RE Grp.			7	20,828			7	20,828
Clark/Pinnacle Family			4	11,459			4	11,459
Clark					1	1,458	1	1,458
Balfour Beatty	2	8,732	11	18,138	4	7,891	17	34,761
EQR Residential/Lincoln Properties			1	4,964			1	4,964
MV Communities/Woolpert LLP/Hunt					1	1,536	1	1,536
Faulkner USA (Landmark)	2	1,069					2	1,069
Patrician Development	1	941					1	941
Aurora Military Properties					3	3,262	3	3,262
Gateway Development/CED Military Group	1	288					1	288
Dujardin Development Co.	1	185					1	185
Investment Builders/Hunt					1	351	1	351
BHMH (Boyer/Gardner)					1	1,018	1	1,018
The Michaels Development Company			2	2,752			2	2,752
America First Communities					1	1,640	1	1,640
United Communities/First Montgomery Group					1	2,084	1	2,084
Hunt ELP/Forest City Military Communities					1	427	1	427
Hunt/Pinnacle Communities					2	4,876	2	4,876
Forest City Enterprises	3	11,505			1	2,185	4	13,690
AMC West					1	2,435	1	2,435
Total	16	64,451	34	87,184	29	44,336	79	195,971
<p>Notes:</p> <ol style="list-style-type: none"> Table reflects each developer's participation for all individual and team project awards. Table does not include the Navy's UPH projects nor the Army's UOQ units. Clark and Lincoln teamed to develop San Diego. Hunt, Clark and Lincoln teamed to develop Camp Pendleton II. Lincoln teamed with EQR to develop Fort Lewis. Hunt, MV Communities and Woolpert teamed to develop Wright-Patterson AFB. Gateway and CED Military Group teamed to develop Everett II. Investment Builders Inc teamed with Hunt Building Corp. to develop Buckley AFB. United Communities teamed with First Montgomery Group to develop McGuire AFB/Fort Dix. Clark Realty and Pinnacle teamed up to develop Fort Belvoir, Fort Irwin/Moffett Field, Presidio/Monterey and Fort Benning. BHMH (Boyer/Gardner) teamed up to develop Hill AFB. Hunt ELP and Forest City Military Communities have teamed up to develop the Air Force Academy. Pinnacle and Hunt teamed to develop AETC Group II. <p>Updates:</p> <ol style="list-style-type: none"> Fort Carson, Stewart/Hunter, Hamilton, Detrick/WRAMC, Eustis, Bliss/White Sands and Carlisle/Picatinny: GMH portfolio was transferred to Balfour Beatty. Fort Leonard Wood: Original developer was American Eagle and is now Balfour Beatty. Navy Northwest: Original developer was American Eagle (CEI/Shaw) and is now Forest City. Vandenburg AFB and AETC I: Original developer was GMH and is now Balfour Beatty. SOTX: Original developer was Landmark (Faulkner) and is now Greystar Real Estate Partners (GREP) South. Navy Northeast and Southeast: Original developer was GMH and is now Balfour Beatty. Lackland AFB: Original developer was Faulkner USA and is now Balfour Beatty. Hunt/Pinnacle is the developer for Falcon Group, which is comprised of Patrick AFB, Moody AFB, Little Rock AFB, and Hanscom AFB. American Eagle was the previous developer for these projects. 								

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Lenders Participation in MHPI Program				
Lender	Army	Air Force	Navy/Marines	Total by Lenders
Jefferies Mortgage Finance, Inc.	18	16		34
Société Générale	1		1	2
Société Générale/Colorado Housing and Finance Corporation	1			1
Bear Stearns	1			1
Bank of America	3			3
Lehman Brothers	2	1		3
Keycorp			1	1
Merrill Lynch	1	3		4
Merrill Lynch/Goldman Sachs	1			1
Kleberg First National Bank			1	1
Newman/GMAC (Capmark)			1	1
Raymond James	2		1	3
U.S. Bank of Washington			1	1
JP Morgan/Goldman Sachs/BOFA	1			1
Morgan Keegan & Company Inc.	1			1
Bank of America/Bear Sterns			1	1
Goldman Sachs	1	4	1	6
Goldman Sachs/Bank of America			2	2
Merrill Lynch, Pierce, Fenner & Smith Incorporated		1		1
Bank of America/Bear Sterns/Goldman Sachs			1	1
Barclays Capital		1	1	2
Merrill Lynch/Barclays Capital			1	1
Lehman Brothers/Colorado Housing and Finance Authority		1		1
Bank of New York			1	1
Arbor Commercial Mortgage			1	1
Goldman Sachs/AHFC	1			1
Wilmington Trust, NA			1	1
Total	34	27	16	77
<p>Notes:</p> <ol style="list-style-type: none"> Table does not include the Navy's UPH projects nor the Army's UOQ units. GMAC and Newman are jointly financing Camp Pendleton I. Merrill Lynch/Barclays Capital are jointly financing the Navy/MC Hawaii Project. Bank of America and Bear Stearns are jointly financing San Diego. Bank of America, Bear Sterns and Goldman Sachs are jointly financing Camp Pendleton II. Bank of America, Goldman Sachs, and JP Morgan are jointly financing the Army's Hawaii project. Bank of America and Goldman Sachs are jointly financing Mid-Atlantic Region and AMCC. Merrill Lynch and Goldman Sachs are jointly financing Fort Benning. Lehman Brothers and Colorado Housing and Finance Authority are jointly financing the Air Force Academy. Merrill Lynch, Pierce, Fenner & Smith Incorporated are jointly financing AMC-East. Air Force projects total 27 because: Dyess AFB was the only project totally financed by the government and therefore not included on this chart; and, a lender has not been named for Falcon Group. <p>Updates:</p> <ol style="list-style-type: none"> Elmendorf I: Original lender was Alaska Housing Finance and is now Merrill Lynch. Navy Northeast: Original lender was Raymond James and is now Goldman Sachs. Navy Midwest: Original lender was Lehman Brothers and is now Barclays Capital. Navy/MC Hawaii: Original lender was Merrill Lynch/Lehman Brothers and is now Merrill Lynch/Barclays Capital. The original lenders for Patrick AFB and Little Rock AFB were Morgan Keegan, for Moody AFB it was Raymond James and for Hanscom AFB it was Rockport Mortgage Company. These projects are now Falcon Group; a new lender has not yet been named. Everett II: Original lender was Bank of America and is now Arbor Commercial Mortgage. Navy Northwest: Original lender was Raymond James and is now Bank of New York. Capmark's military housing portfolio has been transferred to Jefferies Mortgage Finance, Inc. This includes 16 Army projects and 16 Air Force projects. Fort Carson: Original lender was Societe Generale and is now Societe Generale/Colorado Housing and Finance Corporation. Kingsville I: Original lender was Malone Mortgage Company and is now Keycorp. Fort Wainwright/Greely: Original lender was Goldman Sachs and is now Goldman Sachs/AHFC. Fort Irwin/Moffett Field/Camp Parks: Original lender was Lehman Brothers and is now Jefferies Mortgage Finance, Inc. Fort Hamilton: Original lender was Lehman Brothers and is now Jefferies Mortgage Finance, Inc. New Orleans: Original lender was Societe Generale and is now Wilmington Trust, NA. 				

Appendix 15: Multi-Base Projects

The following list details awarded projects that include housing at more than one base.

- AETC Group I: Altus AFB, OK; Luke AFB, AZ; Sheppard AFB, TX; Tyndell AFB, FL
- AETC Group II: Columbus AFB, MS; Goodfellow AFB, TX; Laughlin AFB, TX; Maxwell AFB, AL; Randolph AFB, TX; Vance AFB, OK
- BLB: Barksdale AFB, LA; Langley AFB, VA; Bolling AFB, DC
- AMC West: Fairchild AFB, WA; Tinker AFB, OK; Travis AFB, CA
- AMC East: Andrews AFB, MD; MacDill AFB, FL
- Tri-Group: Peterson AFB, CO; Schriever AFB, CO; Los Angeles AFB, CA
- ACCG2: Davis-Monthan AFB, AZ; Holloman AFB, NM
- Falcon Group: Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA; Patrick AFB, FL
- Joint Base Elmendorf/Richardson: Elmendorf AFB, AK; Fort Richardson, AK
- Southern Group: Shaw AFB, SC; Arnold AFB, TN; Charleston AFB, SC; Keesler AFB, MS
- Western Group: Beale AFB, CA; Warren AFB, WY; Malmstrom AFB, MT; Whiteman AFB, MO
- Navy-Southeast Region: Naval Weapons Station Charleston, SC; NAS Joint Reserve Base Fort Worth, TX; Naval Construction Battalion Center Gulfport, MS; NAS Jacksonville, FL; NS Mayport, FL; NAS Pensacola, FL; NAS Whiting Field, FL; NAS Key West, FL; NSB Kings Bay, GA; NAS Meridian, MS; NSA Panama City, FL
- Midwest Region: NSA Mid-South, TN; Naval Station Great Lakes, IL; Naval Support Activity Center Crane, IN
- Atlantic Marines (Camp Lejeune/Cherry Point/Stewart) Overview: MCB Camp Lejeune / MCAS Cherry Point / MCAS New River, NC; Westover, MA; Stewart Terrace Housing, NY; MCAS Beaufort, NH Beaufort, & MCRD Parris Island, SC
- Camp Pendleton / Quantico (CPQH): MCB Camp Pendleton, CA; MCLB Albany, GA; MCAGCC Twentynine Palms, CA; MCRD San Diego, CA; Marine Corps Housing Complex Coleville (MCMWTC Bridgeport, CA); MOBCOM Kansas City, MO; MCAS Yuma, AZ; MCB Quantico, VA
- Northeast Integrated Phase 1: Walter Reed Army Medical Center, DC; Fort Detrick, MD
- Northeast Integrated Phase 2: Carlisle Barracks, PA; Picatinny Arsenal, NJ
- Northeast Region: NSB New London, CT; NSA Saratoga Springs, NY; NS Newport, RI; NAS Brunswick, ME; Mitchel Complex, NY; Lakehurst, NJ; Naval Shipyard Portsmouth, ME; NWS Earle, NJ
- Mid-Atlantic-Navy Region: Hampton Roads, VA; USNA, MD; NSWC Indian Head, MD; NSF Dahlgren, VA; NIOC Sugar Grove, WV; NAS Patuxent River, MD; MCB Camp Lejeune, NC
- Navy Northwest Region: NB Kitsap-Bangor; Naval Undersea Warfare Center Keyport; Naval Magazine Indian Island; Olalla; Kingston; Bainbridge Island; NB Kitsap-Bremerton; Fort Lawton; Magnolia; Brier; and Naval Radio Transmitter Station Jim Creek; and NAS Whidbey, WA
- Navy/MC Hawaii: Pearl Harbor, Oahu, HI; Kaneohe, Oahu, HI; and PMRF Barking Sands, HI
- Kingsville I: NAS Kingsville, TX; NS Ingleside/Portland/Bridge Pointe, TX
- Army Hawaii: Fort Shafter, Schofield Barracks, Wheeler Army Airfield, Helemano, Honolulu, Alimanu, & Kai'I Kai Hale, HI
- Fort Irwin/Moffett Field/Camp Parks: Fort Irwin, Moffett Field, and Camp Parks, Dublin, CA
- Fort Eustis and Fort Story, VA
- Fort Bliss/WSMR: Fort Bliss, TX and White Sands Missile Range, NM
- Fort Lewis/McChord: Fort Lewis, WA; McChord AFB, WA
- Fort Huachuca/Yuma: Fort Huachuca, AZ; Yuma Proving Grounds, AZ
- Fort Wainwright/Greely: Fort Wainwright, AK; Fort Greely, AK
- Presidio of Monterey/NPS: Presidio of Monterey, CA; and Naval Post Graduate School, CA
- Fort Bragg/Pope AFB: Fort Bragg, NC; and Pope AFB, NC

Appendix 16: Contract Support

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
ARMY FAMILY HOUSING PRIVATIZATION				
Ft. Carson, CO -- Phase I	Sep-96	Sep-99	Sep-99	\$3.41
Ft. Hood, TX	Dec-98	Jan-00	Oct-01	\$3.12
Ft. Lewis, WA	Nov-99	Jul-00	Apr-02	\$2.61
Ft. Meade, MD	Mar-00	Aug-00	May-02	\$2.61
Ft. Bragg/PopeAFB, NC	Jul-01	Mar-02	Aug-03	\$1.53
Ft. Stewart/Hunter, GA	Jul-01	Oct-02	Nov-03	\$1.54
Ft. Campbell, KY	Jul-01	May-02	Dec-03	\$1.55
Presidio & NPS Monterey, CA	Sep-01	Apr-02	Oct-03	\$1.28
Ft. Belvoir, VA	Nov-01	Jul-02	Dec-03	\$1.45
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase I & II	Sep-01	Jul-02	Mar-04	\$1.48
Ft. Hamilton, NY	Nov-01	Apr-03	Jun-04	\$1.26
Walter Reed Med Ctr, DC/Ft Detrick, MD	Nov-01	Feb-03	Jul-04	\$1.54
Ft. Polk, LA	Jul-01	Feb-03	Sep-04	\$1.52
Ft. Shafter/Schofield Barracks, HI	Aug-02	Jun-03	Oct-04	\$1.56
Ft. Eustis/Story, VA	Nov-01	Nov-02	Dec-04	\$1.51
Ft. Sam Houston, TX	Jan-03	Dec-03	Mar-05	\$1.55
Ft. Leonard Wood, MO	Jan-03	Sep-03	Mar-05	\$1.52
Ft. Drum, NY	Apr-03	Dec-03	May-05	\$1.53
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase I	Jan-03	Mar-04	Jul-05	\$1.74
Ft. Benning, GA	Jan-04	Oct-04	Jan-06	\$1.53
Ft. Leavenworth, KS	Mar-04	Jan-05	Mar-06	\$1.51
Ft. Rucker, AL	Jan-04	Feb-05	Apr-06	\$1.53
Ft. Gordon, GA	Jan-04	Jun-05	May-06	\$1.53
Picatinny Arsenal, NJ/Carlisle Brks, PA	Nov-01	Feb-03	May-06	\$1.83
Ft. Riley, KS	Jul-04	Apr-05	Jul-06	\$1.52
Redstone Arsenal, AL	Jul-04	Sep-05	Oct-06	\$1.50
Ft. Knox, KY	Mar-04	Dec-05	Dec-06	\$1.55
Ft. Lee, VA	Sep-05	Sep-06	Aug-07	\$1.51
Ft. Drum, NY -- Phase II AMF	NA	May-08	Jun-08	\$0.49
U.S. Military Academy, NY	Sep-05	Mar-07	Aug-08	\$1.17
Ft. Jackson, SC	Sep-05	Jul-07	Aug-08	\$1.18
Ft. Sill, OK****	Oct-05	Oct-07	Nov-08	\$1.43
Ft. Lewis - McChord AFB Integration	Nov-99	Jul-00	Dec-08	\$0.28
Ft. Wainwright/Ft Greely, AK -- Phases I & II****	Jan-07	Nov-07	Apr-09	\$2.55
Ft. Huachuca/Yuma Proving Ground, AZ	Jan-08	Feb-08	Apr-09	\$2.50
Aberdeen Proving Ground, MD****	Jan-07	May-08	Dec-09	\$2.30
Ft. Carson, CO -- Grow The Army I	Sep-96	Sep-99	Apr-10	\$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase III	Sep-01	Jul-02	Dec-09	\$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Phase II	Jan-03	Mar-04	Dec-09	\$0.00
Ft. Bliss, TX/White Sands Missile Range, NM --Grow The Army I	Jan-03	Mar-04	Dec-09	\$0.00
Ft. Carson, CO -- Grow The Army II	Sep-96	Sep-99	Feb-11	\$0.00
Ft. Lewis, WA -- Grow the Army	Nov-99	Jul-00	Jan-11	\$0.00
Ft. Bragg, NC -- BRAC	Jul-01	Mar-02	Mar-11	\$0.00
Ft. Bragg, NC - Grow the Army	Jul-01	Mar-02	Mar-11	\$0.00
Ft. Stewart, GA -- Demo	Jul-01	Oct-02	Mar-11	\$0.00
Ft. Irwin/Moffett Fld/Camp Parks, CA -- Phase IV	Sep-01	Jul-02	Feb-11	\$0.00
Ft. Hamilton, NY -- Recover Scope	Nov-01	Apr-03	Mar-11	\$0.00
Ft. Polk, LA -- Grow the Army	Jul-01	Feb-03	Mar-11	\$0.00
Ft. Eustis/Story, VA - BRAC	Nov-01	Nov-02	Mar-11	\$0.00
Ft. Eustis/Story, VA - Phase II	Nov-01	Nov-02	Mar-11	\$0.00
Ft. Leonard Wood, MO -- Recover Scope	Jan-03	Sep-03	Jan-11	\$0.00
Ft. Bliss, TX/White Sands Missile Range, NM -- Grow The Army II	Jan-03	Mar-04	Feb-11	\$0.00
Ft. Knox, KY -- Phase II	Mar-04	Dec-05	Oct-10	\$0.00
Ft. Knox, KY -- Grow the Army	Mar-04	Dec-05	Oct-10	\$0.00
Ft. Sill, OK -- Grow the Army	Oct-05	Oct-07	Jan-11	\$0.00
Ft. Wainwright, AK -- Phase III	Jan-07	Nov-07	Oct-10	\$0.00
Ft. Wainwright, AK -- Recover Scope	Jan-07	Nov-07	Mar-11	\$0.00
Ft. Richardson, AK -- Initial Privatization (Air Force Program)	Jan-08	Dec-08	NA	\$0.00
Carlisle Barracks, PA/Picatinny Arsenal, NJ -- Phase II	Nov-01	Feb-03	Nov-11	\$0.00
Ft. Eustis/Story, VA -- Phase II	Nov-01	Nov-02	Nov-11	\$0.00
Ft. Sill, OK -- Recover Scope	Oct-05	Oct-07	Sep-12	\$0.00
Total Project Awards				\$60.22
Other Consultant Program Costs and Portfolio Management (Army) (1):				\$68.00
Total:				\$128.22
Army Notes: (****) Denotes Army has awarded the development of the Community Development Management Plan (CDMP) to a selected offeror (developer). The CDMP is the Master Plan/Scope for a housing privatization project. Submission of the CDMP to Congress is generally 9 months later, and final transfer of operations to a developer generally occurs 3 months after Congressional approval. (1) Each Military Service housing privatization function is now reporting their quarterly portfolio management costs for their awarded projects in the Quarterly report line item...entitled..."Other Consultant Program Costs - Portfolio Management".				

Appendix 16 (Cont.)

Installation	Notify Congress Solicitation	Notify Congress Selection	Deal Closing/Cont ract Award	Consultant Costs (\$M)
NAVY AND MARINE CORPS FAMILY HOUSING PRIVATIZATION				
Navy Family Housing				
NAS Corpus Christi/NAS Kingsville, TX (Kingsville I)		May-96	Jul-96	\$0.23
NS Everett, WA (sold)		Oct-96	Mar-97	\$0.26
NS Everett II, WA	Oct-98	Oct-00	Dec-00	\$0.96
NAS Kingsville, TX (Kingsville II)	Oct-98	Sep-00	Nov-00	\$0.31
NC San Diego, CA (Phase I)	Nov-98	Apr-01	Aug-01	\$0.75
NC South Texas, TX	Nov-98	Oct-01	Feb-02	\$2.46
NC New Orleans, LA	Dec-98	Jul-01	Oct-01	\$1.26
NC San Diego, CA (Phase II)	Aug-02	Apr-03	May-03	\$0.33
Hawaii Regional, HI (Phase I)	Jan-03	Mar-04	May-04	\$1.31
Northeast (NY, NJ, CT, RI, NH, ME)	Jun-03	Sep-04	Nov-04	\$2.97
Northwest (WA) (Phase I)	Aug-03	Oct-04	Jan-05	\$2.94
Mid-Atlantic Regional (VA, MD, WV) (note 1)	Feb-04	Jul-05	Aug-05	\$2.18
Midwest (IL, IN)	Jul-04	Sep-05	Jan-06	\$1.95
NC San Diego, CA (Phase III)	Nov-04	Feb-06	May-06	\$1.02
Hawaii Regional, HI (Phase III)	Sep-05	Jul-06	Sep-06	\$1.15
Southeast Regional (TN, SC, FL, MS, GA)	Dec-06	Aug-07	Sep-07	\$2.65
Midwest PH II (Mid-South)	Feb-07	Aug-07	Sep-07	\$0.88
San Diego Phase IV	Feb-07	Aug-07	Sep-07	\$0.85
MidAtlantic PH II (Mechanicsburg)	Dec-07	Dec-09	Jan-10	\$0.60
NC San Diego, CA (Phase V) (National Capital Region assets)	Dec-07	Dec-09	Jan-10	\$0.60
Navy Unaccompanied Housing				
San Diego, CA Barracks	Jun-04	Jul-06	Dec-06	\$1.38
Hampton Roads, VA Barracks	Aug-05	Feb-07	Dec-07	\$1.89
Subtotal Navy				\$28.94
Marine Corps Family Housing				
Installation	Notify Congress Solicitation	Notify Congress Selection	Deal Closing/Cont ract Award	Consultant Costs (\$M)
MCB Camp Pendleton, CA (Phase 1)	Oct-98	Sep-00	Nov-00	\$0.41
MCAS Beaufort/MCD Parris Is., SC	May-01	Dec-02	Mar-03	\$1.29
MCB Camp Pendleton, CA (Ph 2)/MCB Quantico, VA (CP2Q)	Aug-02	Jul-03	Sep-03	\$1.33
MCAS Yuma, AZ/MCB Camp Pendleton, CA (Ph 3) (CPQH PH2)	Feb-04	Aug-04	Oct-04	\$0.32
MCB Camp Lejeune/MCAS Cherry Pt/Stewart (CLCPS)	Apr-04	Jul-05	Sep-05	\$1.70
MCAS Kansas City, MO/MCGACC 29 Palms, CA (CPQH PH3)	Oct-04	Jul-05	Sep-05	\$0.43
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 2)	Nov-05	Jul-06	Sep-06	\$0.37
Hawaii Regional, Phase II (MCB Hawaii, HI Phase 1)	Dec-05	Jul-06	Sep-06	\$0.59
MCB Camp Pendleton, CA (Ph 4) (CPQH PH 4)	Dec-05	Jul-06	Sep-06	\$0.46
Hawaii Regional, Phase IV (MCB Hawaii, HI Phase 2)	Dec-06	Jun-07	Sep-07	\$0.60
MCB Camp Lejeune/MCAS Cherry Pt, NC (Phase 3)*	Dec-06	Jun-07	Sep-07	\$0.74
MCB Camp Pendleton, CA (Phase 5) (CPQH PH5)	Dec-06	Jun-07	Sep-07	\$1.16
MidAtlantic Regional Phase III (MCB Camp Lejeune (Phase 4)	Jan-08	Oct-09	Dec-09	\$0.71
MCAGCC 29 Palms, CA (Ph 2) (CPQH PH6)	Jan-08	Jun-09	Jan-10	\$0.60
MCB Camp Pendleton, CA (Ph 6) (CPQH PH7)	Jan-08	Aug-09	Jan-10	\$0.24
MidAtlantic Regional Phase IV (MCB Camp Lejeune Phase 5)	Oct-09	Aug-10	Sep-10	\$0.10
MCAGCC 29 Palms, CA (Ph 3) (CPQH PH8)	Oct-09	Jun-10	Sep-10	\$0.72
Hawaii Regional, Phase V (MCB Hawaii, HI Phase 3)	Jan-10	Aug-10	Sep-10	\$0.70
Office of Secretary of Defense (OSD) Approved Projects				
MCB Camp Pendleton, CA (Ph 7) (CPQH PH9)	Dec-09	Sep-10	TBD	\$0.10
MCB Camp Lejeune, NC (Phase 6)	Aug-10	TBD	TBD	\$0.44
Projects Subject to OSD Approval				
MCB Camp Lejeune, NC (Phase 7)	TBD	TBD	TBD	\$0.00
MCB Camp Pendleton, CA (Ph 8) (CPQH PH10)	TBD	TBD	TBD	\$0.17
MCB Camp Lejeune, NC (Phase 8)	TBD	TBD	TBD	\$0.00
MCB Camp Pendleton, CA (Ph 9)/MCLB Albany (Ph 2) (CPQH PH11)	TBD	TBD	TBD	\$0.06
MCB Camp Lejeune, NC (Phase 9)	TBD	TBD	TBD	\$0.00
Guam	TBD	TBD	TBD	\$2.79
Subtotal USMC				\$16.03
Other Consultant Program Costs-Portfolio Management (Navy)				
Other Consultant Program Costs-Portfolio Management (Marine Corps)				
Other Consultant Program Costs-Portfolio Management (Navy and Marine Corps)(note 3)				
Total				\$71.00
Navy/MC Notes: * Does not include Beaufort/Parris Island which was included in CLCPS in Phase 3 (1) Existing Inventory Only-Housing Market Analysis ongoing for these projects. (2) MCAS Beaufort/MCD Parris Island, SC includes 53 Navy units. (3) Other consultant costs include canceled projects: MCB Albany/Camp Lejeune, Stewart, Hampton Roads, Pennsylvania Regional and costs associated with 593 Navy family housing units at Naval Post Grad School Monterey included in the Army Presidio of Monterey Project.				

Appendix 16 (Cont.)

Installation	Notify Congress of Solicitation	Notify Congress of Selection	Notify Congress of Deal Closing	Consultant Costs (\$M)
AIR FORCE FAMILY HOUSING PRIVATIZATION				
Lackland AFB, TX	Sep-96	May-98	Aug-98	\$3.5
Robins AFB, GA	Oct-98	Jun-00	Sep-00	\$4.1
Dyess AFB, TX	Jun-99	Aug-00	Sep-00	\$2.4
Elmendorf AFB, AK	Jan-00	Aug-00	Mar-01	\$3.4
Wright-Patterson AFB, OH	Feb-01	May-02	Aug-02	\$3.0
Kirtland AFB, NM	Aug-00	Dec-02	May-03	\$3.0
Buckley AFB, CO	Jun-03	Nov-03	Aug-04	\$2.0
Elmendorf AFB, AK (Phase II)	Nov-03	Jul-04	Oct-04	\$1.9
Hickam AFB, HI	Mar-02	Jul-03	Feb-05	\$2.6
Offutt AFB, NE	May-03	Jun-05	Sep-05	\$3.1
Dover AFB, DE	Jul-04	Jun-05	Oct-05	\$2.5
Hill AFB, UT	Oct-03	Mar-05	Oct-05	\$2.1
Scott AFB, IL	Nov-04	Jul-05	Jan-06	\$1.8
Nellis AFB, NV	Aug-03	Jun-05	May-06	\$1.9
McGuire AFB/Ft Dix, NJ	Aug-04	Mar-06	Sep-06	\$1.9
AETC Group I (G1)	Jan-05	Sep-06	Feb-07	\$4.4
AF Academy, CO	Mar-06	Oct-06	May-07	\$1.3
ACC Group II (G3)	Oct-05	Jun-06	Jul-07	\$2.4
Hickam AFB, HI II	Oct-05	May-07	Aug-07	\$0.2
AFSPC Tri Group (G5)	Aug-06	Feb-07	Sep-07	\$2.3
BLB Group (G4)	Jun-06	Jan-07	Sep-07	\$3.1
Robins AFB, GA (Phase II)	Jun-06	Jun-07	Sep-07	\$0.8
AETC Group II (G2)	Jul-06	Mar-07	Sep-07	\$4.7
AMC East (G7)	Apr-06	Feb-07	Nov-07	\$1.6
Vandenberg AFB, CA	Feb-07	Jun-07	Nov-07	\$1.6
AMC West (G6)	May-07	Sep-07	Jul-08	\$2.5
Falcon Group			Nov-08	\$8.6
Patrick AFB, FL	Mar-01	Feb-03	Nov-08	
Moody AFB, GA	Nov-02	Dec-03	Nov-08	
Little Rock AFB, AR	Apr-02	Sep-03	Nov-08	
Hanscom AFB, MA	Jul-03	Jan-04	Nov-08	
Lackland AFB, TX II	Jan-05	Jul-06	Dec-08	\$0.7
Fort Richardson (JBER)	May-10	Jan-11	Jun-11	\$0.7
Southern Group	Dec-09	Aug-10	Sep-11	\$2.2
Western Group	Jun-10	Jan-11	Mar-12	\$3.6
<i>Total Project Awards</i>				\$79.8

Appendix 16 (Cont.)

Office of the Secretary of Defense (OSD) Approved Projects				
Wright-Patterson, OH II	Aug-04	TBD	TBD	\$0.6
Continental Group	Aug-10	May-11	Sep-12	\$1.9
<i>Eglin AFB, FL</i>				\$1.1
<i>Hurlburt AFB, FL</i>				\$0.2
<i>Edwards AFB, CA</i>				\$0.2
<i>McConnell AFB, KS</i>				\$0.2
<i>Seymour Johnson AFB, NC</i>				\$0.2
<i>Eielson AFB, AK</i>				\$0.2
Northern Group	Dec-10	Oct-11	Sep-12	\$1.9
<i>Minot AFB, ND</i>				\$0.2
<i>Mountain Home AFB, ID</i>				\$0.2
<i>Cavalier AFB, ND</i>				\$0.2
<i>Grand Forks AFB, ND</i>				\$0.2
<i>Ellsworth AFB, SD</i>				\$0.2
<i>Cannon AFB, NM</i>				\$1.1
ACC Group III	Dec-10	Oct-11	Sep-12	\$0.5
<i>Dyess AFB II</i>				\$0.4
<i>Moody AFB II</i>				\$0.1
Total Current Projects				\$4.9
GRAND TOTAL				\$84.7
Other Consultant Program Costs:				\$2.5
AFCEE Portfolio Management Costs				\$31.9
Total:				\$119.1
Air Force Notes: (1) NOTE: This Report reflects cumulative consultant costs expensed and cumulative portfolio management costs expensed				
Quarterly Report Notes: Bold lettering denotes an awarded MHPI project. Scope is defined as the amount of housing that will be achieved at the end state of an MHPI Project (this includes deficit build out). Please note: this Report reflects cumulative consultant costs (both OSD and the Military Services). Each Military Service housing privatization function is now reporting their quarterly portfolio management costs for their awarded projects in the Quarterly report line item entitled... "Other Consultant Program Costs - Portfolio Management". The OSD Cumulative consultant program cost line reflects cost incurred since the start of the MHPI program (2/1/96) to the date of the report (9/30/2011) by OSD in support of housing privatization.				

Appendix 17: Combined Projects

The military Services often combine multiple installations into MHPI projects. This maximizes the benefits of the MHPI program and its authorities. Within the MHPI program there are three classifications of combined projects. The most common, a grouped project, is when projects involving multiple installations are conceived prior to solicitation and award and are executed as a single project entity. In other cases, installations are integrated into existing deal structures after award. In this instance, the projects already owned by eligible entities subsequently merge or integrate housing from a new set of installations into their existing ownership structure. The third classification is phased projects. While not closing on all of its housing simultaneously, phased projects involve housing on the same or related bases that were intended to be included ultimately in a single project entity. Each of these MHPI combined entities allows the Services to optimize the utilization of capital resources. To date, thirty-seven combined projects, including grouped, phased and integrated ones, have been awarded and executed. The first two tables below list the program's five integrated and 12 phased projects and the additional total cash equity investment placed into each integration or individual new phase of the project. The third table lists the grouped projects. Projects may fall into more than one category, e.g. a grouped project may also have a second phase. In addition, several grouped projects listed have since been integrated into larger entities.

INTEGRATED PROJECTS		
Project name	Installations Integrated	Additional Cash Equity (\$M)
Falcon Group	Patrick AFB, Hanscom AFB, Moody AFB, Little Rock AFB	0.00
Carlisle Barracks/Picatinny Arsenal	Picatinny Arsenal/Carlisle Barracks, Fort Gordon	39.40
AMCC	Camp Lejeune/Cherry Point, Tri-Command	0.00
Ft. Meade	Ft. Meade, Ft. Sill	30.50
Ft. Lewis/McChord AFB	Fort Lewis, McCord AFB	16.20
North Haven Communities, LLC	Fort Wainwright/Fort Greely, Fort Shafter/Schofield Barracks, Fort Knox	91.20
Ft. Bragg/Pope AFB	Pope Integration	0.00

Appendix 17 (Cont.)

PHASED PROJECTS*		
Project Name	Add-on Phases	Additional Cash Equity (\$M)
Navy/MCB Hawaii	Phase II	65.12
	Phase III	0.00
	Phase IV	56.05
	Phase V	60.03
Camp Pendleton/Quantico	Phase II	18.60
	Phase III	45.94
	Phase IV	30.89
	Phase V	23.73
	Phase VI	51.07
	Phase VII	60.87
	Phase VIII	49.6
Camp Lejeune/Cherry Point	Phase II	37.90
	Phase III	78.95
Midwest Regional	Phase II	22.00
Lackland AFB	Phase II	0.00
Robins AFB	Phase II	0.00
Hickam AFB	Phase II	0.00
Elmendorf AFB	Phase II	0.00
Wright Patterson AFB	Phase II	0.00
San Diego Naval Complex	Phase II	0.00
	Phase III	0.00
	Phase IV	0.00
	Phase V	0.00
Ft. Drum	Phase II	127.00
Ft. Carson	Phase II	0.00
Mid-Atlantic	Phase II	0.00
	Phase III	0.00
	Camp Lejeune IV	87.95

Appendix 17 (Cont.)

GROUPED PROJECTS*
Tri-Command
Fort Irwin/Moffett Field/Camp Parks
Fort Detrick/Walter Reed Army Med. Ctr.
Northeast Regional
Northwest Regional
Mid-Atlantic Regional
Midwest Regional
Carlisle Barracks/Picatinny Arsenal
AETC Group I
Davis-Monthan/Holloman Group
Tri-Group
BLB
Southeast Regional
Midwest/South Millington (Ph II)
AETC Group II
AMC East
AMC West
Fort Huachuca/Yuma
Fort Wainwright/Greely
Army Hawaii
Fort Eustis/Fort Story
Fort Bliss/WSMR
Presidio of Monterey/NPS
Fort Bragg/Pope AFB
McGuire AFB/Fort Dix
Joint Base Elmendorf/Richardson
Southern Group
Western Group

*For a breakdown of the installations included in the Grouped and Phased Projects listed above see Appendix 7.

Appendix 18: MHPI Project Scope

Throughout this Executive Report and supporting documentation, the expressed size of the individual privatized projects is the scope that was approved by the OSD and OMB. During the development of a major residential project, particularly a project that is built over an extended number of years, the actual scope may change a small amount. Reasons for these changes vary, and include local market and base operational transformations. Unless the ultimate project size change, and resulting investment, requires re-approval by OSD and OMB, the individual project scope in this report remains the currently approved number. Actual project scope is monitored by the Services' portfolio managers through various other reports.

This appendix is provided to identify, on a project by project basis, the most recent IDP scope modifications, if any, that have occurred subsequent to the last OSD and OMB approval.

MHPI PROJECT SCOPE		
PROJECT	APPROVED SCOPE	ACTUAL SCOPE
Corpus Christi/Kingsville I, TX-Navy	404	404
NS Everett I, WA	185	185
Lackland AFB, TX	885	885
Fort Carson, CO	3,456	3,456
Dyess AFB, TX	402	402
Robins AFB I, GA	670	670
NAS Kingsville II, TX	150	150
MCB Camp Pendleton, CA	712	712
NS Everett II, WA	288	288
Elmendorf AFB I, AK	828	828
San Diego Naval Complex Overview, CA	14,524	14,513
New Orleans Naval Complex, LA (NOLA)	941	936
Fort Hood, TX	5,912	5,912
South Texas, TX (SOTX)-Navy	665	417
Fort Lewis, WA/McCord AFB, WA	4,964	4,994
Fort Meade, MD	3,170	2,627
Wright-Patterson AFB, OH	1,536	1,536
Kirtland AFB, NM	1,078	1,078
Fort Bragg, NC	6,238	6,238
PE/QU/YU (Camp Pendleton II)	11,584	11,245
Presidio of Monterey/NPS, CA	2,209	1,565
Fort Stewart/Hunter Army Airfield, GA	3,610	3,963

Appendix 18 (Cont.)

MHPI PROJECT SCOPE		
PROJECT	APPROVED SCOPE	ACTUAL SCOPE
Fort Belvoir, VA	2,070	2,106
Fort Campbell, KY	4,455	4,457
Fort Irwin/Moffett Field/Camp Parks, CA	2,980	2,980
Hawaii Regional , HI-Navy/MC	6,801	6,781
Fort Hamilton, NY	228	228
Fort Detrick, MD/Walter Reed Army Med. Ctr., DC	590	597
Buckley AFB, CO	351	351
Elmendorf AFB II, AK	1,194	1,194
Fort Polk, LA	3,773	3,773
Fort Shafter/Schofield Barracks, HI	7,894	8,088
Northeast Regional, (NY, NJ, CT, RI, ME)-Navy	4,264	2,953
Fort Eustis/Fort Story, VA	1,130	1,130
Hickam AFB, HI	2,474	2,474
Northwest Regional, WA-Navy	2,985	2,985
Fort Sam Houston, TX	925	925
Fort Leonard Wood, MO	1,806	1,806
Fort Drum, NY	3,669	3,669
Fort Bliss, TX/White Sands, NM	4,409	4,409
Mid-Atlantic Regional, (VA, WV, MD, PA, NC)-Navy/MC	6,702	6,417
Offutt AFB, NE	1,640	1,640
Hill AFB, UT	1,018	1,018
Dover AFB, DE	980	980
Cherry Point/Camp Lejeune Overview (AMCC), NC	8,059	8,059
Midwest Regional, (IL, IN, TN)-Navy	1,719	1,719
Scott AFB, IL	1,593	1,593
Fort Benning, GA	4,200	4,000
Fort Leavenworth, KS	1,583	1,583
Fort Rucker, AL	1,476	1,476
Fort Gordon, GA	887	1,080
Nellis AFB, NV	1,178	1,178
Carlisle Barracks, PA/Picatinny Arsenal, NJ	348	348
Fort Riley, KS	3,514	3,514
McGuire AFB/Fort Dix, NJ-Air Force	2,084	2,084
Redstone Arsenal, AL	230	230
Fort Knox, KY	2,553	2,563
AETC Group I, (OK, AZ, TX, FL)	2,875	2,607
AF Academy, CO	427	427
Davis-Monthan AFB, AZ/Holloman AFB, NM	1,838	1,838

Appendix 18 (Cont.)

MHPI PROJECT SCOPE		
PROJECT	APPROVED SCOPE	ACTUAL SCOPE
Fort Lee, VA	1,590	1,505
Tri-Group (Peterson AFB, CO/Schriever AFB, CO/Los Angeles AFB, CA)	1,564	1,483
BLB (Barksdale AFB, LA/Langley AFB, VA/Bolling AFB, DC)	3,189	3,190
Southeast Regional (SC, MS, FL, GA, TX) - Navy	4,468	4,673
Robins AFB II, GA	207	207
AETC Group II (MS, TX, AL, OK)	2,257	2,205
Vandenberg AFB, CA	867	867
AMC East (Andrews AFB, MD/MacDill AFB, FL)	1,458	1,505
AMC West (Tinker AFB; Travis AFB; Fairchild AFB)	2,435	2,435
West Point, NY	824	824
Fort Jackson, SC	850	850
Fort Sill, OK	1,728	1,728
Falcon Group (Patrick AFB, FL; Moody AFB, GA; Little Rock AFB, AR; Hanscom AFB, MA)	2,619	2,635
Fort Huachuca/Yuma, AK	1,169	1,169
Fort Wainwright/Greely, AK	1,815	1,705
Aberdeen Proving Ground, MD	929	929
Joint Base Elmendorf-Richardson, AK	1,240	1,240
Southern Group (Shaw AFB, SC; Arnold AFB, TN; Charleston AFB, SC; and Keesler AFB, MS)	2,185	2,185
Western Group (Beale AFB, CA; Warren AFB, WY; Malmstrom AFB, MT, Whiteman AFB, MO)	3,264	3,264
TOTAL	195,971	192,864

Notes

1. This table presents Fort Lewis/McChord AFB together on one line while Appendix 10 presents these two installations on separate lines.

Appendix 19: MHPI Authorities

In enacting the MHPI, Congress provided a number of different legal authorities that could be used according to the needs and circumstances of each privatization project. The table below lists the legal authorities used in the initial structuring of each of the executed projects.

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
<i>Section 2873: Direct Loan</i>	27	Air Force	25	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
				Joint Base Elmendorf/Richardson, AK
				Southern Group – SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	0	None
		Navy	1	Kingsville II NAS, TX
		USMC	1	MCB Camp Pendleton, CA
<i>Section 2873: Loan Guarantees</i>	8	Air Force	5	Lackland AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
		Army	3	Fort Carson, CO
				Fort Polk, LA
				Fort Wainwright/Greely, AK
		Navy	0	None
		USMC	0	None

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
<i>Section 2874: Build to Lease</i>	0	Air Force	0	None
		Army	0	None
		Navy	0	None
		USMC	0	None
<i>Section 2876: Rental and Occupancy Guarantee</i>	0	Air Force	0	None
		Army	0	None
		Navy	0	None
		USMC	0	None
<i>Section 2877: Differential Lease Payments (DLP)</i>	4	Air Force	1	Elmendorf AFB II, AK
		Army	0	None
		Navy	3	Everett I, WA
				Everett II, WA
				Kingsville I, TX
		USMC	0	None
<i>Section 2878: Conveyance of Land</i>	13	Air Force	3	Robins AFB I, GA
				AETC Group II - MS; TX; AL; OK
				AMC West - WA; OK; CA
		Army	1	Carlisle Barracks/Picatinny Arsenal - PA; NJ
		Navy	7	Kingsville II NAS, TX
				NC New Orleans, LA
				NC Northeast Region – NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN, TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY
<i>Section 2879: Interim Leases</i>	1	Air Force	1	Scott AFB, IL
		Army	0	None
		Navy	0	None
		USMC	0	None
<i>Section 2882: Assignment of Members</i>	4	Air Force	4	Davis-Monthan/Holloman Group - AZ, NM
				AETC Group II - MS; TX; AL; OK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	0	None
		Navy	0	None
		USMC	0	None

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2875: Investments (Joint Venture)	51	Air Force	3	Tri-Group, CO; CA
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
		Army	33	Fort Hood, TX
				Fort Meade, MD*
				Fort Lewis/McChord, WA*
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed/Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN; TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	2	MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY; MA; SC

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units	73	Air Force	27	Lackland AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Elmendorf AFB II, AK
				Hanscom AFB, MA
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ; NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Joint Base Elmendorf-Richardson, AK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Conveyance of Units, Cont.		Army, Cont.		Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Aberdeen Proving Ground, MD
				Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Kingsville II NAS, TX
		Navy	10	NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN, TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY; MA; SC
Section 2878: Lease of Land	74	Air Force	28	Lackland AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
				Joint Base Elmendorf/Richardson, AK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2878: Lease of Land, Cont.		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Meade, MD
				Fort Lewis/McChord, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	9	NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN, TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY; MA; SC

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type	79	Air Force	29	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB I, GA
				Elmendorf AFB II, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
				Joint Base Elmendorf/Richardson, AK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	34	Fort Carson, CO
				Fort Meade, MD
				Fort Hood, TX
				Fort Lewis, WA
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick, MD/DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2880: Unit Size and Type , Cont.		Army, Cont.		Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD
		Navy	13	Kingsville I, TX
				Everett I, WA
				Kingsville II NAS, TX**
				Everett II, WA
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Navy/MC Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN, TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY; MA; SC
Section 2881: Ancillary Support Facilities	79	Air Force	29	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Air Force, Cont.		Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I - MS; TX; OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB, CA
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
				Joint Base Elmendorf/Richardson, AK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	34	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis/McChord, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA
				Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				Fort Lee, VA
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
				Fort Huachuca/Yuma, AZ
				Fort Wainwright/Greely, AK
				Aberdeen Proving Ground, MD

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2881: Ancillary Support Facilities, Cont.		Navy	13	Everett I, WA
				Everett II, WA
				Kingsville I, TX
				Kingsville II NAS, TX
				NC San Diego Overview, CA
				NC New Orleans, LA
				NC South Texas, TX
				Hawaii Overview
				NC Northeast Region - NY; NJ; CT; RI; ME
				NC Northwest Region, WA
				Mid-Atlantic Region - VA; WV; MD
				Midwest Region - IL; IN, TN
				Southeast Region - SC; MS; FL; GA; TX
		USMC	3	MCB Camp Pendleton, CA
				MCB Camp Pendleton/Quantico/Yuma - CA; VA; AZ; GA; MO
				Camp Lejeune/Cherry Point Overview - NC; NY; MA; SC
Section 2882: Payments by Allotment	62	Air Force	29	Lackland AFB, TX
				Dyess AFB, TX
				Robins AFB I, GA
				Elmendorf AFB I, AK
				Wright-Patterson AFB, OH
				Kirtland AFB, NM
				Buckley AFB, CO
				Elmendorf AFB II, AK
				Hickam AFB, HI
				Offutt AFB, NE
				Hill AFB, UT
				Dover AFB, DE
				Scott AFB, IL
				Nellis AFB, NV
				McGuire AFB / Fort Dix, NJ
				AETC Group I, MS, TX, OK
				AF Academy, CO
				Davis-Monthan/Holloman Group - AZ, NM
				Tri-Group - CO; CA
				BLB - LA; VA; DC
				Robins AFB II, GA
				AETC Group II - MS; TX; AL; OK
				Vandenberg AFB
				AMC East - MD; FL
				AMC West - WA; OK; CA
				Falcon Group - GA; AR; MA; FL
				Joint Base Elmendorf/Richardson, AK
				Southern Group - SC, TN, MS
				Western Group - CA, WY, MT, MO
		Army	33	Fort Carson, CO
				Fort Hood, TX
				Fort Lewis, WA
				Fort Meade, MD
				Fort Bragg, NC
				Presidio of Monterey/NPS, CA

Appendix 19 (Cont.)

MHPI Authority	Total #	Service	# Per Service	Where Used / Installation
Section 2882: Payments by Allotment, Cont.		Army, Cont.		Fort Stewart/Hunter AAF, GA
				Fort Campbell, KY
				Fort Belvoir, VA
				Fort Irwin/Moffett Field/Camp Parks, CA
				Fort Hamilton, NY
				Walter Reed / Fort Detrick - MD; DC
				Fort Polk, LA
				Hawaii
				Fort Eustis / Fort Story, VA
				Fort Sam Houston, TX
				Fort Leonard Wood, MO
				Fort Drum, NY
				Fort Bliss / White Sands, TX
				Fort Benning, GA
				Fort Leavenworth, KS
				Fort Rucker, AL
				Fort Gordon, GA
				Fort Riley, KS
				Carlisle Barracks/Picatinny Arsenal - PA; NJ
				Redstone Arsenal, AL
				Fort Knox, KY
				West Point, NY
				Fort Jackson, SC
				Fort Sill, OK
		Fort Huachuca/Yuma, AZ		
		Fort Wainwright/Greely, AK		
		Aberdeen Proving Ground, MD		
Navy	0	None		
USMC	2	MCB Camp Pendleton, CA		
		Camp Lejeune/Cherry Point Overview – NC; NY; MA; SC		
Key Notes: * = Cash is not the only form of investment.				
** = Unit size and type enables bases to build to private sector standards in their area.				